
1996 ISDA

Equity Derivatives

Definitions

ISDA[®]

INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

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INTRODUCTION TO THE 1996 ISDA EQUITY DERIVATIVES DEFINITIONS

The 1996 ISDA Equity Derivatives Definitions are intended for use in confirmations of individual transactions ("Confirmations") governed by agreements such as the 1992 ISDA Master Agreements (the "ISDA Master Agreements") published by the International Swaps and Derivatives Association, Inc. ("ISDA"). Copies of the ISDA Master Agreements are available from the executive offices of ISDA. A sample form of letter agreement or telex constituting a Confirmation is attached as Exhibit I to these Definitions. Exhibits II-A to II-J set out specific provisions for inclusion in Confirmations to document over-the-counter ("OTC") equity derivative transactions.

The Definitions are primarily an expansion of the 1994 ISDA Equity Option Definitions (the "1994 Definitions") covering a wider range of basic transactions and including provisions that allow parties to modify or tailor the basic transactions to reflect common variations, such as multiple valuation dates and times. Provisions for the following types of transaction are included in these Definitions:

- (1) OTC single index option transactions;
- (2) OTC single share option transactions (cash-settled and physically-settled);
- (3) OTC index basket option transactions;
- (4) OTC share basket option transactions (cash-settled and physically-settled);
- (5) single index swap transactions;
- (6) single share swap transactions;
- (7) index basket swap transactions; and
- (8) share basket swap transactions.

The basic product-types covered by these Definitions are summarised in diagrammatic form in the Appendix to these Definitions. These Definitions can be incorporated by reference into any Confirmation. Existing Confirmations that incorporate the 1994 Definitions will not, without further action by the parties, be affected by the use of these Definitions for other transactions.

The purpose of these Definitions is to provide the basic framework for the documentation of an OTC equity derivative transaction of one of the types listed above. As in the case of other product-specific Definitions published by ISDA, persons using these Definitions to document an OTC equity derivative transaction may adapt or supplement the standard provisions set out in these Definitions in accordance with the specific economic terms agreed between the parties to the relevant transaction. For the sake of relative simplicity and ease of use, ISDA has not attempted to cover every type of OTC equity derivative transaction that has been or may be done in the OTC markets. However, parties may find these Definitions a useful starting point when drafting a Confirmation for a more exotic product-type, for example, a transaction involving a basket of shares and indices.

These Definitions were developed by a working group of ISDA member institutions, including most of the leading participants in the OTC equity derivatives markets. The Definitions were developed by the working group based, as far as possible, on market practice. Inevitably, in certain areas market

practice has not been uniform or has otherwise not provided definitive guidance. The working group has given studied consideration to these issues in formulating the provisions set out in these Definitions. Each member of the working group has, where appropriate, sought the views of its own trading, operational, legal, compliance and other relevant personnel. None of this, however, obviates the need for each user of these Definitions to review the provisions of these Definitions carefully and to form its own independent judgment on the appropriateness of these Definitions for use by the institution in documenting OTC equity derivative transactions.

This set of Definitions includes the provisions that were included in the 1994 Definitions to document OTC single index option transactions and physically-settled OTC single share option transactions. It was intended in producing this set of Definitions that as far as possible no substantive changes be made to the terms set out in the 1994 Definitions. Inevitably, since the 1994 Definitions were published, there have been some minor changes of view among various members of the working group on certain points, reflecting evolving market conditions and/or practice. Where appropriate, after discussion, a number of these changes have been made in this set of Definitions. In producing these Definitions, the working group thought it appropriate, where an approach contained in the 1994 Definitions was not being used or had been altered by market practice, to update and revise those terms in these Definitions. Users of the Definitions are advised to review the Definitions carefully with this in mind.

To assist users in their review, set out below is a general discussion of the main additions to the coverage of the Definitions and some of the significant revisions to the terms in the 1994 Definitions.

COVERAGE OF THE DEFINITIONS

The Definitions contain provisions that make it easier to document a broader range of equity derivative transactions than could be documented using the 1994 Definitions. This broader coverage is achieved in several ways:

- **Types of Transaction.** The 1994 Definitions covered only two types of transaction, single index option transactions and physically-settled single share option transactions. As noted above, these Definitions also cover a number of other types of option transaction, as well as equity swap transactions. Although the Definitions do not cover forward transactions, it is the general view of the working group that Confirmations of forward transactions may be prepared fairly easily on the basis of the provisions and Confirmation forms contained in these Definitions. Particularly careful drafting, however, is required to adapt the physical settlement provisions for option transactions so that they might also apply to physically-settled forward transactions.

- **Basket Transactions.** An important aspect of the expansion of these Definitions is the inclusion of transactions on baskets of indices and baskets of shares. Many of the terms relating to single index or single share transactions required modification when applied to baskets of indices or shares. For example, the market disruption provisions were modified to allow for the valuation of components of a basket that are not affected by a market disruption but to delay the valuation of those components that are affected. As this approach may result in different Valuation Dates for different components of the basket, a further modification was necessary to ensure that the relevant Cash Settlement Date is determined by reference to the last Valuation Date to occur. Similarly, it is important to note that provisions dealing with settlement disruption, adjustments to indices or shares and extraordinary events affecting shares are all

somewhat more complicated for an option transaction on a basket than for an option transaction on a single share or index.

● **Cash and Physical Settlement for Option Transactions.** The 1994 Definitions only allowed cash settlement for single index options and physical settlement for single share options. Under these Definitions, while the user may only select cash settlement in relation to single index and index basket option transactions, the user may select either cash or physical settlement for single share and share basket option transactions.

● **Equity Swap Transactions.** As noted above, the Definitions cover equity swap transactions as well as option transactions. A user may document equity swap transactions relating to a single index or share or to an index or share basket. Most of the provisions specific to equity swaps are contained in Article 7 but a number of provisions corresponding to provisions in the 1994 Definitions have been expanded to cover equity swap transactions. For example, the provisions in Article 9 that deal with Extraordinary Events have been modified to allow for the optional termination of an equity swap transaction in the event that the equity component of the swap transaction is affected by a Merger Event or a Nationalisation.

The provisions relating to equity swap transactions were the focus of a great deal of attention by the working group as they involve a number of issues on which there appeared to be no uniform market practice. For example, an equity amount payable may be determined by multiplying a return per unit by the relevant number of units, or it may be determined by multiplying the notional amount by the relevant rate of return. Although each approach has its advantages (they should, of course, be arithmetically equivalent), the latter approach was selected because it was felt that, in situations where the parties choose to reinvest the dividends paid in relation to the equity leg, it is simpler to accomplish this by increasing the notional amount than by adjusting the number of new units. Also, the complications of a notional reinvestment of dividends on a per unit basis are multiplied in the case of a basket swap transaction. The Definitions, however, may be supplemented in a Confirmation to use the per unit approach.

Where it was too difficult to reach a consensus view or where the approach to an issue would vary greatly in differing circumstances, the Definitions leave it to the parties to define the appropriate terms in the Confirmation to reflect their commercial intention. For example, there is considerable diversity of practice in relation to the treatment of dividends in equity swap transactions, reflecting no doubt differences not only between markets, but also perhaps differences between issuers of relevant shares and even differences in the economic position of different swap counterparties. Accordingly, it is left to the parties to specify how the Dividend Amount will be determined for each relevant Dividend Payment Date. When drafting a definition of Dividend Amount in the Confirmation, the parties may wish to consider issues such as when the dividend becomes part of the Dividend Amount (for example, when it is received or perhaps when it is declared), whether and to what extent a "haircut" should apply and, in the case of an index, what source will be used to determine the dividends. Also, as the footnote indicates, it is especially important to define the Dividend Amount as an aggregate amount. This is due to the fact that there is no provision in the Definitions to allow for payment or reinvestment of the Dividend Amount on a per unit basis.

In many equity swap transactions one of the parties will be paying by reference to an interest rate, while the other party pays by reference to an equity index, share or basket. Footnotes in the forms of Confirmation for equity swap transactions suggest that in these situations the parties may wish to

incorporate the 1991 ISDA Definitions into the Confirmation to provide the terms that will govern payments made by the interest rate payer. It is particularly important for parties to note that, if the 1991 ISDA Definitions are not incorporated into the Confirmation, the Confirmation must set out in full the relevant terms governing those payments.

● **Averaging Dates.** The Averaging Date provisions allow parties to document Asian style options or any other transaction that requires the parties to determine a price by averaging the prices or levels of an index or share or basket of indices or shares taken on more than one valuation date. The provisions are included in the Article dealing with valuation and are designed to be essentially self-contained. In other words, all operative provisions relating to Averaging Dates are contained in Section 4.4, modifying other relevant provisions of the Definitions, as appropriate, whenever averaging is specified as applicable in a Confirmation.

The Averaging Date provisions provide an alternative method for determining a Settlement Price or a Final Price. Each price is determined by taking the arithmetic mean of the level, price or amount of the Index, Share or Basket on each date specified in the Confirmation as being an Averaging Date with respect to that Valuation Date. Other than choosing the Averaging Dates and a method for determining the Relevant Price if the parties do not wish to rely on the fallbacks included in the definition of Relevant Price, the only option that the parties have to consider is which consequence to choose in case a Market Disruption Event occurs on an Averaging Date. There are three alternatives provided for in the Definitions, though the parties may of course choose another method if they feel it is more appropriate to the transaction and have provided for it in the Confirmation accordingly. If the parties choose the first method, "Omission", then the disrupted Averaging Date is ignored for purposes of calculating the Relevant Price. "Postponement" means that the Averaging Date will be delayed until the next day on which there is no Market Disruption Event, subject to the five day limit contained in the general Market Disruption Event provisions. It is important to note that the selection of Postponement could result in a number of Averaging Dates occurring on a single day. By selecting "Modified Postponement", the parties may be able to avoid this result. Under Modified Postponement, a disrupted Averaging Date is postponed, as in the case of Postponement, but the Averaging Date will be postponed until the next day on which there is no Market Disruption Event *and* on which another Averaging Date does not already occur. Further, the Averaging Date will continue to be postponed until a valid date is found for it to occur or until the fifth Exchange Business Day after the final Averaging Date in relation to the relevant Valuation Date.

● **Futures Price Valuation.** The provisions relating to Futures Price Valuation allow parties to value an Index on a given day by reference to an exchange-traded futures or option contract which in turn may allow a party to match its hedge more closely. As in the case of Section 4.4, which deals with Averaging Dates, Section 4.5 dealing with Futures Price Valuation is self-contained. All operative provisions relating to Futures Price Valuation are contained in Section 4.5, modifying other relevant provisions of the Definitions, as appropriate, whenever valuation in this manner is specified as applicable in a Confirmation.

Section 4.5 provides an alternative method for determining a Settlement Price or a Final Price. Instead of referring to the level of an Index, the parties look to the Official Settlement Price on maturity of a designated Exchange-traded Contract. The term "Official Settlement Price" refers to the official settlement price, however described under the rules of the relevant futures or options exchange, published on expiry of the relevant contract by the sponsoring exchange. For example, on the Osaka Stock Exchange

this price is usually referred to as the Special Quotation, and on the London International Financial Futures and Options Exchange (LIFFE) it is usually referred to as the Exchange Delivery Settlement Price.

Pricing by reference to the Official Settlement Price rather than to the underlying index requires modification of certain key terms. For example, a Market Disruption Event on a Valuation Date affecting the underlying Index would be ignored. It is irrelevant whether the underlying Index is disrupted if the Official Settlement Price is still published. If, however, there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued, then a fallback provision is necessary. In that situation the parties will look to the level of the Index to determine the Settlement Price or Final Price and the general Market Disruption provisions will apply. Finally, the parties should note that while adjustments to the terms of the Exchange-traded Contract may be the basis for adjustments by the Calculation Agent to the terms of an OTC transaction documented under these Definitions, an adjustment by the relevant exchange of the method of calculating the Official Settlement Price will, in most cases, not be the basis for such an adjustment.

CHANGES IN THE DEFINITIONS FROM THE 1994 DEFINITIONS

Set out below is a description of some of the more significant differences between the 1994 Definitions and these Definitions. This is not, however, an exhaustive list of such differences.

- **Consequences of Merger Events.** A number of the provisions in the Definitions that deal with the alternatives available to the parties to determine how a transaction will be affected by a Merger Event have been changed from those contained in the 1994 Definitions. In these Definitions, there are now three general types of consequences that are available, namely, "Alternative Obligation", "Cancellation and Payment" and "Options Exchange Adjustment". Although there are some slight differences to the operation of these three consequences depending on the type of Merger Event, the approach for each remains basically the same regardless of the type of Merger Event. Alternative Obligation follows essentially the same approach as that of the "New Share Option" and "Alternative Delivery" consequences in the 1994 Definitions, but it has been expanded to cover the new products contained in these Definitions. Cancellation and Payment is also very similar to the consequence of the same name in the 1994 Definitions except that, in the case of a Swap Transaction, the occurrence of the Merger Event will constitute an Additional Termination Event under the relevant ISDA Master Agreement with the relevant transaction the sole Affected Transaction and, in most cases, with the floating rate payer the sole Affected Party. Market Disruption will also be deemed to apply irrespective of the payment measure elected by the parties under the ISDA Master Agreement. Options Exchange Adjustment is identical to its counterpart in the 1994 Definitions. One last change to note is that the consequence entitled "Reinvestment" contained in the 1994 Definitions has been deleted from these Definitions due to perceived lack of support for this provision in the market.

- **Nationalization or Insolvency.** The consequences of a Nationalization or Insolvency in the Definitions have also been altered from those in the 1994 Definitions. The consequence in the 1994 Definitions entitled "Repurchase" has been modified and expanded and is now referred to as "Negotiated Close-out". While this provision has always allowed the parties to terminate the transaction on mutually acceptable terms, these Definitions also make it clear that if the parties cannot agree to such terms then the transaction continues on the terms and conditions then in effect. The only change to those terms will be

that any Options to which Physical Settlement is applicable will, at the election of either party, become Cash-settled Options. The Cancellation and Payment consequence has also been expanded to reflect the same changes that were made to Cancellation and Payment as a consequence of a Merger Event.

● **Seller Business Day.** The term Seller Business Day as used in the 1994 Definitions was designed to limit Exchange Business Days in respect of an Index Option Transaction to, among other things, a day on which, in most cases, commercial banks are open for business in the city where the Seller is located for the purpose of receiving notices. The majority of the members of the working group felt that this limitation was no longer appropriate. However, some members felt that it was still a useful definition in certain cases. For this reason, the term Seller Business Day does not appear in any other definition or provision in the Definitions but the definition of Seller Business Day has been retained in case some parties still wish to use it in their Confirmations.

ISDA has provided these Definitions to assist the smooth and efficient functioning of the OTC equity derivatives markets by providing a common set of terms for parties to use in preparing confirmations of OTC equity derivative transactions. *The precise documentation of each individual transaction remains, however, the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which these Definitions may be put, including, without limitation, any use of these Definitions in connection with any OTC equity derivative transaction. Each party to an OTC equity derivative transaction evidenced by a Confirmation referring to or incorporating these Definitions must satisfy itself that the Definitions are appropriate for the transaction, have been properly used and/or adapted in the Confirmation for the transaction and that the Confirmation has generally been properly drafted, in each case to reflect the commercial intentions of the parties.*

ISDA has not undertaken to review all applicable laws and regulations of any jurisdiction in which these Definitions may be used, and therefore parties are advised to consider the application of any relevant jurisdiction's regulatory, tax, accounting, exchange or other requirements that may exist in connection with the entering into and documenting of an OTC equity derivative transaction.

1996 ISDA EQUITY DERIVATIVES DEFINITIONS

Any or all of the following definitions and provisions may be incorporated into a document by wording in the document indicating that, or the extent to which, the document is subject to the 1996 ISDA Equity Derivatives Definitions (as published by the International Swaps and Derivatives Association, Inc.). All definitions and provisions so incorporated in a document will be applicable to that document unless otherwise provided in that document, and all terms defined in these Definitions and used in any definition or provision that is incorporated by reference in a document will have the respective meanings set forth in these Definitions unless otherwise provided in that document. Any term used in a document will, when combined with the name of a party, have meaning in respect of the named party only.

ARTICLE 1

CERTAIN GENERAL DEFINITIONS

Section 1.1. Transaction. "Transaction" means an Option Transaction, an Equity Swap Transaction or any other transaction identified as a Transaction in the related Confirmation.

Section 1.2. Option Transaction. "Option Transaction" means a transaction that is (a) an over-the-counter ("OTC") equity option transaction relating to a single index (an "Index Option Transaction"), (b) an OTC equity option transaction relating to a single share or other security (a "Share Option Transaction"), (c) an OTC equity option transaction relating to a basket of indices (an "Index Basket Option Transaction") or (d) an OTC equity option transaction relating to a basket of shares or other securities (a "Share Basket Option Transaction").

Section 1.3. Equity Swap Transaction. "Equity Swap Transaction" means a transaction that is (a) an OTC equity swap transaction relating to a single index (an "Index Swap Transaction"), (b) an OTC equity swap transaction relating to a single share or other security (a "Share Swap Transaction"), (c) an OTC equity swap transaction relating to a basket of indices (an "Index Basket Swap Transaction") or (d) an OTC equity swap transaction relating to a basket of shares or other securities (a "Share Basket Swap Transaction").

Section 1.4. Index Transaction. "Index Transaction" means an Index Option Transaction or Index Swap Transaction.

Section 1.5. Share Transaction. "Share Transaction" means a Share Option Transaction or Share Swap Transaction.

Section 1.6. Index Basket Transaction. "Index Basket Transaction" means an Index Basket Option Transaction or Index Basket Swap Transaction.

Section 1.7. Share Basket Transaction. "Share Basket Transaction" means a Share Basket Option Transaction or Share Basket Swap Transaction.

Section 1.8. Basket Option Transaction. "Basket Option Transaction" means an Index Basket Option Transaction or Share Basket Option Transaction.

Section 1.9. Confirmation. "Confirmation" means one or more documents or other confirming evidence exchanged between the parties, which, taken together, confirm all the terms of a Transaction.

Section 1.10. Index. "Index" means, in respect of an Index Transaction or Index Basket Transaction, each index specified as such in the related Confirmation.

Section 1.11. Shares. "Shares" means, in respect of a Share Transaction or Share Basket Transaction, the shares or other securities specified as such in the related Confirmation.

Section 1.12. Basket. "Basket" means, in respect of an Index Basket Transaction, a basket composed of each Index specified in the related Confirmation in the relative proportions indicated in the Confirmation and, in the case of a Share Basket Transaction, a basket composed of Shares of each Issuer specified in the related Confirmation in the relative proportions and numbers of Shares of each Issuer indicated in the Confirmation.

Section 1.13. Issuer. "Issuer" means, in respect of Shares relating to a Share Transaction or Share Basket Transaction, the issuer of the relevant Shares.

Section 1.14. Trade Date. "Trade Date" means, in respect of a Transaction, the date on which the parties enter into the Transaction.

Section 1.15. Relevant Price. "Relevant Price" on any day means:

(a) in respect of an Index, the level of such Index determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Relevant Price is so provided, the level of the Index at the Valuation Time on the Valuation Date or Averaging Date, as the case may be; and

(b) in respect of a Share, the price per Share determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Relevant Price is so provided, the official price or, if there is no official price, the mid-market price per Share on the Exchange at the Valuation Time on the Valuation Date or Averaging Date, as the case may be.

Section 1.16. Exchange. "Exchange" means:

(a) in respect of an Index relating to an Index Transaction or Index Basket Transaction, each exchange or quotation system specified as such for such Index in the related Confirmation or any successor to such exchange or quotation system; and

(b) in respect of a Share relating to a Share Transaction or a Share Basket Transaction, each exchange or quotation system specified as such for such Share in the relevant Confirmation or any successor to such exchange or quotation system, provided, however, that if the specified Exchange ceases to list or otherwise include the relevant Share, the parties will negotiate in good faith to agree on another exchange or quotation system (if any) in relation to such Share.

Section 1.17. Related Exchange. "Related Exchange" means, in respect of an Index relating to an Index Transaction or Index Basket Transaction or a Share relating to a Share Transaction or a Share Basket Transaction, each exchange or quotation system specified as such for such Index or Share in the related Confirmation or any successor to such exchange or quotation system.

Section 1.18. Clearance System. "Clearance System" means, in respect of a Share relating to a Physically-settled Transaction, the clearance system specified as such for such Share in a Confirmation or any successor to such clearance system. If the Confirmation does not specify a Clearance System, the Clearance System will be the principal domestic clearance system customarily used for settling trades in the relevant Share. If the Clearance System ceases to clear such Share, the parties will negotiate in good faith to agree on another manner of delivery.

Section 1.19. Seller Business Day. "Seller Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) and, if Seller is not a commercial bank, which is a scheduled trading day on local securities exchanges, in the place(s) specified for that purpose in a Confirmation or, if a place is not so specified, in the city where Seller is located for the purpose of receiving notices,

Section 1.20. Exchange Business Day. "Exchange Business Day" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange and each Related Exchange other than a day on which trading on any such Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time.

Section 1.21. Currency Business Day. "Currency Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial center for the relevant currency.

Section 1.22. Clearance System Business Day. "Clearance System Business Day" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions,

Section 1.23. Cash-settled. "Cash-settled" in relation to a Transaction means that Cash Settlement is applicable to that Transaction.

Section 1.24. Physically-settled. "Physically-settled" in relation to a Transaction means that Physical Settlement is applicable to that Transaction.

Section 1.25. Calculation Agent. "Calculation Agent" means the person specified as such in a Confirmation. Whenever a Calculation Agent is required to act, it will do so in good faith, and its determinations and calculations will be binding in the absence of manifest error.

Section 1.26. ISDA Master Agreement. "ISDA Master Agreement" means a standard form 1992 ISDA Master Agreement (Multicurrency-Cross Border). The terms "Event of Default", "Additional Termination Event", "Affected Party", "Affected Transaction", "Loss", "Market Quotation" and "Early Termination Date" will have the meanings given to those terms in the ISDA Master Agreement.

ARTICLE 2

GENERAL TERMS RELATING TO OPTION TRANSACTIONS

Section 2.1. Certain Definitions and Provisions Relating to Option Transactions. When used in relation to an Option Transaction, the following terms have the indicated meanings:

(a) **Commencement Date.** "Commencement Date" means, in respect of an American style Option Transaction, the date specified as such in the related Confirmation or, if no such date is specified, the Trade Date. The Commencement Date is the first day of the Exercise Period.

(b) **Number of Options.** "Number of Options" means the number specified as such in a Confirmation, being the number of Options comprised in the relevant Option Transaction.

(c) **Multiplier.** "Multiplier" means the percentage or amount specified as such in a Confirmation.

(d) **Option Entitlement.** "Option Entitlement" means, in respect of a Share Option Transaction, the number of Shares per Option specified as such in the related Confirmation and, in respect of a Basket Option Transaction, the number of Baskets per Option specified as such in the related Confirmation.

(e) **Option.** "Option" means, in relation to an Option Transaction, each unit into which the Option Transaction is divided for purposes of exercise, valuation or settlement.

(f) **Strike Price.** "Strike Price" means:

(i) in respect of an Index Option Transaction, the level of the relevant Index specified or otherwise determined as provided in the related Confirmation;

(ii) in respect of a Share Option Transaction, the price per Share specified or otherwise determined as provided in the related Confirmation;

(iii) in respect of an Index Basket Option Transaction, the amount per Basket specified or otherwise determined as provided in the related Confirmation; and

(iv) in respect of a Share Basket Option Transaction, the price per Basket specified or otherwise determined as provided in the related Confirmation.

(g) **Settlement Price.** "Settlement Price" means, in relation to a Valuation Date:

(i) in respect of an Index Option Transaction, the level of the Index determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or, if no means for determining the Settlement Price is so provided, the level of the Index at the Valuation Time on the Valuation Date;

(ii) in respect of a Cash-settled Share Option Transaction, the price per Share determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or, if no means for determining the Settlement Price is so provided, the official price or, if there is no official price, the mid-market price per Share on the Exchange at the Valuation Time on the Valuation Date;

(iii) in respect of a Physically-settled Share Option Transaction, an amount equal to the Strike Price multiplied by the Number of Shares to be Delivered;

(iv) in respect of an Index Basket Option Transaction, an amount for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Settlement Price is so provided, an amount for the Basket equal to the sum of the Relevant Prices (weighted or adjusted in relation to each Index as provided in the Confirmation) for the Indices comprised in the Basket;

(v) in respect of a Cash-settled Share Basket Option Transaction, a price for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Settlement Price is so provided, a price for the Basket equal to the sum of the values for the Shares of each Issuer as the product of (A) the Relevant Price of such Share and (B) the number of such Shares comprised in the Basket; and

(vi) in respect of a Physically-settled Share Basket Option Transaction, an amount equal to the Strike Price multiplied by the Number of Baskets to be Delivered.

Section 2.2. Parties.

(a) **Buyer.** "Buyer" means the party specified as such in the Confirmation of an Option Transaction.

(b) **Seller.** "Seller" means the party specified as such in the Confirmation of an Option Transaction.

Section 2.3. Option Style.

(a) **American.** "American" means a style of Option Transaction pursuant to which the right or rights granted are exercisable during an Exercise Period that consists of more than one day.

(b) **European.** "European" means a style of Option Transaction pursuant to which the right or rights granted are exercisable only on the Expiration Date.

Section 2.4. Option Type.

(a) **Call.** "Call" means an Option Transaction entitling Buyer upon exercise:

(i) where Cash Settlement is applicable, to receive from Seller a Cash Settlement Amount if the Settlement Price exceeds the Strike Price; and

(ii) where Physical Settlement is applicable, to purchase Shares or Baskets of Shares from Seller at the Settlement Price,

in each case as more particularly provided in or pursuant to the Confirmation.

(b) **Put.** "Put" means an Option Transaction entitling Buyer upon exercise:

(i) where Cash Settlement is applicable, to receive from Seller a Cash Settlement Amount if the Strike Price exceeds the Settlement Price; and

(ii) where Physical Settlement is applicable, to sell Shares or Baskets of Shares to Seller at the Settlement Price,

in each case as more particularly provided in or pursuant to the Confirmation.

Section 2.5. Terms Relating to Premium.

(a) **Premium.** "Premium" means, in respect of an Option Transaction, the amount specified or otherwise determined as provided in the related Confirmation that is payable by Buyer to Seller on the Premium Payment Date. If a Premium per Option is specified in a Confirmation, the Premium shall be the product of the Premium per Option and the Number of Options. The Premium is payable by Buyer to Seller on the Premium Payment Date.

(b) **Premium Payment Date.** "Premium Payment Date" means, in respect of an Option Transaction, the date specified or otherwise determined as provided in the related Confirmation or, if such date is not a Currency Business Day for the currency in which the Premium is payable, the next following Currency Business Day.

ARTICLE 3

EXERCISE OF OPTIONS

Section 3.1. General Terms Relating to Exercise.

(a) **Exercise Period.** "Exercise Period" means (i) in respect of a European style Option Transaction, the Expiration Date between 9:00 a.m. (local time in the specified location of Seller or, where an agent is designated by Seller for the purpose of receiving notice of exercise ("Seller's Agent"), local time in the specified location of Seller's Agent) and the Expiration Time and (ii) in respect of an American style Option Transaction, all Exchange Business Days from, and including, the Commencement Date to, and including, the Expiration Date between 9:00 a.m. (local time in the specified location of Seller or, where designated, Seller's Agent) and the Latest Exercise Time.

(b) **Exercise Date.** "Exercise Date" means, in respect of each Option exercised or deemed exercised under an Option Transaction, the Exchange Business Day during the Exercise Period on which that Option is or is deemed to be exercised.

(c) **Latest Exercise Time.** "Latest Exercise Time" means, in respect of an Option Transaction, the time specified as such in the related Confirmation, provided that on the Expiration Date the Latest Exercise Time shall be the Expiration Time. If no such time is specified, the Latest Exercise Time shall be the Expiration Time.

(d) **Expiration Time.** "Expiration Time" means, in respect of an Option Transaction, the time specified as such in the related Confirmation.

(e) **Expiration Date.** "Expiration Date" means, in respect of an Option Transaction, the date specified as such in the related Confirmation or, if that date is not an Exchange Business Day, the next following Exchange Business Day.

Section 3.2. Procedure for Exercise. Except when Automatic Exercise applies, Buyer must give irrevocable notice (which will be oral telephonic notice, if practicable, and otherwise written notice) in the Exercise Period to Seller or, if applicable, Seller's Agent of its exercise of an Option. If the notice of exercise is given after the Latest Exercise Time on an Exchange Business Day, then that notice will be deemed given on the next following Exchange Business Day, if any, in the Exercise Period. In the case of an American style Option Transaction to which Multiple Exercise is applicable, Buyer must specify in the notice the number of Options being exercised on the relevant Exercise Date. Where Buyer has the option of selecting the settlement method, Buyer must specify whether Cash Settlement or Physical Settlement applies. Buyer will execute and deliver to Seller or, if applicable, Seller's Agent a written confirmation confirming the substance of any telephonic notice within one Exchange Business Day of that notice. Failure to provide such written confirmation will not affect the validity of the telephonic notice.

Section 3.3. Multiple Exercise. (a) If "Multiple Exercise" is specified to be applicable to an American style Option Transaction, Buyer may exercise all or less than all the unexercised Options on one or more Exchange Business Days during the Exercise Period, but (except as set forth below) on any such Exchange Business Day may not exercise less than the Minimum Number of Options or more than the Maximum Number of Options and, if a number is specified as the "Integral Multiple" in the related Confirmation, the number of exercised Options must be equal to, or be an integral multiple of, the number so specified. Except as set forth below, any attempt to exercise on any such Exchange Business Day (i) more than the Maximum Number of Options will be deemed to be an exercise of the Maximum Number of Options (the number of Options exceeding the Maximum Number of Options being deemed to remain unexercised), (ii) less than the Minimum Number of Options will be ineffective and (iii) an amount of Options not equal to or an integral multiple of the Integral Multiple will be deemed to be an exercise of a number of Options equal to the next lowest integral multiple of the Integral Multiple (the number of Options exceeding that number being deemed to remain unexercised). Notwithstanding the foregoing, on any such Exchange Business Day Buyer may exercise any number of Options that does not exceed the Maximum Number of Options if it exercises all the Options remaining unexercised. On the Expiration Date, Buyer may exercise any number of Options remaining unexercised.

(b) "Minimum Number of Options" means, in respect of an Option Transaction to which Multiple Exercise is applicable, the number specified as such in the related Confirmation.

(c) "Maximum Number of Options" means, in respect of an Option Transaction to which Multiple Exercise is applicable, the number specified as such in the related Confirmation.

Section 3.4. Automatic Exercise. If "Automatic Exercise" is specified to be applicable to an Option Transaction, then each Option not previously exercised under that Option Transaction will be deemed to be automatically exercised:

(a) where Cash Settlement is applicable, at the Expiration Time on the Expiration Date unless Buyer notifies Seller or, if applicable, Seller's Agent (by telephone or in writing) prior to the Expiration Time on the Expiration Date that it does not wish Automatic Exercise to occur; and

(b) where Physical Settlement is applicable, at the Expiration Time on the Expiration Date if at such time the Option is In-the-Money, as determined by the Calculation Agent, unless:

(i) Buyer notifies Seller or, if applicable, Seller's Agent (by telephone or in writing) prior to the Expiration Time on the Expiration Date that it does not wish Automatic Exercise to occur; or

(ii) the Reference Price necessary to determine that the Option is In-the-Money cannot be determined at the Expiration Time on the Expiration Date,

in which case Automatic Exercise will not apply.

(c) "In-the-Money" means, in respect of a Physically-settled Option Transaction, in the case of a Call, that the Reference Price is equal to or greater than 101 percent of the Strike Price and, in the case of a Put, that the Reference Price is less than or equal to 99 percent of the Strike Price.

(d) "Reference Price" means, in respect of a Physically-settled Option Transaction, the price determined as provided in the related Confirmation at the Expiration Time on the Expiration Date or, if no means of determining such price is so provided, in the case of a Share Option Transaction, the Relevant Price of the Share and, in the case of a Share Basket Option Transaction, the sum of the values calculated at the Expiration Time on the Expiration Date for the Shares of each Issuer as the product of (i) the Relevant Price (for which purpose the Valuation Time and the Valuation Date will be the Expiration Time and the Expiration Date) of such Share and (ii) the number of such Shares comprised in the Basket.

ARTICLE 4

VALUATION

Section 4.1. Valuation Time. "Valuation Time" means the time specified as such in the related Confirmation or, if no such time is specified, the close of trading on the relevant Exchange in relation to each Index or Share to be valued.

Section 4.2. Valuation Date. "Valuation Date" means, in respect of an Option Transaction, each Exercise Date and, in respect of an Equity Swap Transaction, each date specified or otherwise determined as provided in the related Confirmation (or, if such date is not an Exchange Business Day, the next following Exchange Business Day), unless there is a Market Disruption Event in respect of any relevant Index or Share on that day. If there is a Market Disruption Event on that day, then:

(a) in the case of an Index Transaction or Share Transaction, the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been the Valuation Date (the "Scheduled Valuation Date"). In that case, (i) that fifth Exchange Business Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine:

(A) in respect of an Index Transaction, the level of the Index as of the Valuation Time on that fifth Exchange Business Day determined in accordance with the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that fifth Exchange Business Day of each security comprised in the Index; and

(B) in respect of a Share Transaction, its good faith estimate of the Exchange traded price for the Share that would have prevailed but for that Market Disruption Event as of the Valuation Time on that fifth Exchange Business Day;

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

(c) in the case of a Share Basket Transaction, the Valuation Date for each Share not affected by a Market Disruption Event shall be the Scheduled Valuation Date and the Valuation Date for each Share affected by a Market Disruption Event shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event relating to that Share, unless there is a Market Disruption Event relating to that Share on each of the five Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that fifth Exchange Business Day shall be deemed to be the Valuation Date for the relevant Share notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine its good faith estimate of the Exchange traded price for that Share that would have prevailed but for that Market Disruption Event as of the Valuation Time on that fifth Exchange Business Day.

Section 4.3. Market Disruption Event. (a) "Market Disruption Event" in relation to a Cash-settled Option Transaction or Equity Swap Transaction means:

(i) in respect of an Index relating to an Index Transaction or Index Basket Transaction, the occurrence or existence on any Exchange Business Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise), (A) on the relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) in options contracts or future contracts on the relevant Index on any Related Exchange if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material. For the purpose of determining whether a Market Disruption Event exists at any time, if trading in a security included in the Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable

to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; and

(ii) in respect of a Share relating to a Share Transaction or Share Basket Transaction, the occurrence or existence on any Exchange Business Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise) in (A) the Share on the Exchange or (B) any options contracts or futures contracts relating to the Share on any Related Exchange if, in any such case, that suspension or limitation is, in the determination of the Calculation Agent, material.

(b) The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the parties or other party, as the case may be, of the existence of a Market Disruption Event on any day that but for the occurrence or existence of a Market Disruption Event would have been a Valuation Date.

Section 4.4. Averaging. If Averaging Dates are specified in a Confirmation, then notwithstanding any other provisions of these Definitions, the following provisions will apply to the valuation of the relevant Index, Share or Basket in relation to a Valuation Date:

(a) **Averaging Date.** "Averaging Date" means, in respect of each Valuation Date, each date specified or otherwise determined as provided in a Confirmation (or, if such date is not an Exchange Business Day, the next following Exchange Business Day).

(b) **Settlement Price.** For purposes of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:

(i) in respect of an Index Option Transaction or Cash-settled Share Option Transaction, the arithmetic mean of the Relevant Prices of the Index or the Shares on each Averaging Date;

(ii) in respect of an Index Basket Option Transaction, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the Confirmation); and

(iii) in respect of a Cash-settled Share Basket Option Transaction, the arithmetic mean of the prices for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Shares of each

Issuer as the product of (A) the Relevant Price of such Share and (B) the number of such Shares comprised in the Basket.

(c) **Final Price.** For purposes of determining the Final Price in relation to a Valuation Date, the Final Price will be:

(i) in respect of an Index Swap Transaction or Share Swap Transaction, the arithmetic mean of the Relevant Prices of the Index or the Shares on each Averaging Date;

(ii) in respect of an Index Basket Swap Transaction, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the Confirmation); and

(iii) in respect of a Share Basket Swap Transaction, the arithmetic mean of the prices for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Shares of each Issuer as the product of (A) the Relevant Price of such Share and (B) the number of such Shares comprised in the Basket.

(d) **Market Disruption.** In the case of a Market Disruption Event occurring on an Averaging Date, if, under "Averaging Date Market Disruption", the consequence specified is:

(i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Price or Final Price provided that, if through the operation of this provision there would not be an Averaging Date with respect to the relevant Valuation Date, then Section 4.2 ("Valuation Date") will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Market Disruption Event, then the relevant Cash Settlement Payment Date or Equity Payment Date, as the case may be, or the occurrence of a Merger Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

(ii) "Postponement", then Section 4.2 ("Valuation Date") will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Transaction. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Market Disruption Event, then the

relevant Cash Settlement Payment Date or Equity Payment Date, as the case may be, or the occurrence of a Merger Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(iii) "Modified Postponement", then:

(A) in the case of an Index Transaction or a Share Transaction, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the fifth Exchange Business Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to the relevant Valuation Date, then (1) that fifth Exchange Business Day shall be deemed the Averaging Date (irrespective of whether that fifth Exchange Business Day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with (X) in the case of an Index Transaction, Section 4.2(a)(ii)(A) and (Y) in the case of a Share Transaction, Section 4.2(a)(ii)(B); and

(B) in the case of an Index Basket Transaction or a Share Basket Transaction, the Averaging Date for each Index or Share not affected by a Market Disruption Event shall be the day specified in the Confirmation as an Averaging Date in relation to the relevant Valuation Date (the "Scheduled Averaging Date") and the Averaging Date for an Index or Share affected by the Market Disruption Event shall be the first succeeding Valid Date in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the fifth Exchange Business Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to the relevant Valuation Date, then (1) that fifth Exchange Business Day shall be deemed the Averaging Date (irrespective of whether that fifth Exchange Business Day is already an Averaging Date) in relation to such Index or Share, and (2) the Calculation Agent shall determine the relevant level or amount for that Averaging Date in accordance with (X) in the case of an Index Basket Transaction, Section 4.2(b)(ii) and (Y) in the case of a Share Basket Transaction, Section 4.2(c)(ii);

for which purpose "Valid Date" means an Exchange Business Day on which there is no Market Disruption Event and on which another Averaging Date in relation to the relevant Valuation Date does not or is not deemed to occur.

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Market Disruption Event, then the relevant Cash Settlement Payment Date or Equity Payment Date, as the case may be, or the occurrence of a Merger Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(e) **Adjustments to Index.** If (i) on or prior to any Averaging Date in respect of an Index Transaction or Index Basket Transaction, a relevant Index sponsor makes a material change in the formula

for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) or (ii) on any Averaging Date in respect of an Index Transaction or Index Basket Transaction, the sponsor fails to calculate and announce a relevant Index, then the Calculation Agent shall calculate the relevant Settlement Price or Final Price, as the case may be, using, in lieu of a published level for that Index, the level for that Index as at that Averaging Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

Section 4.5. Futures Price Valuation. If "Futures Price Valuation" is specified as applicable in relation to an Index in the Confirmation of an Index Transaction, then notwithstanding any other provisions of these Definitions the following provisions will apply to the valuation of that Index on a Valuation Date:

(a) **Valuation Date.** For the purpose of this Section 4.5 only, "Valuation Date" shall mean each day on which the Official Settlement Price is published and, in all cases except for Section 4.5(g), irrespective of whether there is a Market Disruption Event on that day.

(b) **Additional Definitions Relating to Futures Price Valuation.**

(i) "Exchange-traded Contract" in relation to an Index means a contract specified as such for that Index in the Confirmation. For this purpose the parties shall specify the futures or options contract by reference to (A) the Index to which it relates, (B) the delivery month of such contract and (C) the exchange on which it is traded.

(ii) "Official Settlement Price" means the official settlement price (however described under the rules of the relevant exchange or its clearing house) on maturity of any of the relevant Exchange-traded Contracts published by the exchange or its clearing house.

(c) **Settlement Price.** For purposes of determining the Settlement Price on a Valuation Date:

(i) in respect of an Index Option Transaction, the Settlement Price will be the Official Settlement Price on that Valuation Date; and

(ii) in respect of an Index Basket Option Transaction, the Settlement Price will be determined as provided in Section 2.1(g)(iv), provided, however, that in relation to each Index for which Futures Price Valuation is applicable, the Relevant Price will be the Official Settlement Price (weighted or adjusted in relation to that Index as provided in the Confirmation) on that Valuation Date.

- (d) **Final Price.** For purposes of determining the Final Price on a Valuation Date:
- (i) in respect of an Index Swap Transaction, the Final Price will be the Official Settlement Price on that Valuation Date; and
 - (ii) in respect of an Index Basket Swap Transaction, the Final Price will be determined as provided in Section 7.10(c), provided, however, that in relation to each Index for which Futures Price Valuation is applicable, the Relevant Price will be the Official Settlement Price (weighted or adjusted in relation to that Index as provided in the Confirmation) on that Valuation Date.
- (e) **Adjustments of the Exchange-traded Contract.** In the event that the terms of the Exchange-traded Contract are changed by the exchange, the Calculation Agent shall, if necessary, adjust one or more of the Strike Price, the Number of Options, the Equity Notional Amount, the Initial Price and/or any other variable relevant to the settlement terms of the Transaction to preserve for each party the economic equivalent of any payment or payments (assuming satisfaction of each applicable condition precedent) by the parties in respect of the Transaction that would have been required after the date of such change.
- (f) **Adjustments of the Official Settlement Price.** Subject to Section 4.5(e), the Calculation Agent shall ignore, for purposes of determining the Settlement Price or Final Price on any Valuation Date, adjustments made by the exchange to the method of calculation of the Official Settlement Price (including, without limitation, the timing of the valuation of stock prices).
- (g) **Non-Commencement or Discontinuance of the Exchange-traded Contract.** If there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to a Valuation Date, the Official Settlement Price for that Valuation Date shall be deemed to be the level of the relevant Index at the close of trading on the relevant Exchange on the Valuation Date. If this Section 4.5(g) applies, then the Expiration Date, with respect to an Option Transaction, or the relevant Valuation Date, with respect to an Equity Swap Transaction, shall mean the day that, but for the non-commencement or permanent discontinuance of the Exchange-traded Contract, would have been the day of publishing the relevant Official Settlement Price unless there is a Market Disruption Event on that day, in which case the provisions of Section 4.2 ("Valuation Date") will apply.
- (h) **Corrections of the Official Settlement Price.** If the Official Settlement Price for any Valuation Date is corrected and the correction published by the relevant exchange within 30 days of the original publication, either party may notify the other party of (i) that correction and (ii) the amount that is payable as a result of that correction. If not later than 30 days after publication of that correction a party gives notice that an amount is so payable, the party that originally either received or retained such amount shall, not later than three Currency Business Days after the effectiveness of that notice, pay to the other party that amount, together with interest on that amount at a rate per annum equal to the cost (without proof or evidence of any actual cost) to the other party (as certified by it) of funding that amount for the period from and including the day on which a payment originally was (or was not) made, to but excluding the day of payment of the refund or payment resulting from that correction.

ARTICLE 5

CASH SETTLEMENT OF OPTIONS

Section 5.1. Cash Settlement. In respect of each Exercise Date under an Option Transaction for which "Cash Settlement" is applicable, Seller shall pay to Buyer the Cash Settlement Amount, if any, on the relevant Cash Settlement Payment Date for all Options exercised or deemed exercised on that Exercise Date.

Section 5.2. Cash Settlement Amount. "Cash Settlement Amount" means, unless otherwise provided in the relevant Confirmation, in respect of each Valuation Date (a) under an Index Option Transaction or Index Basket Option Transaction, an amount, as calculated by the Calculation Agent, equal to the number of Options exercised or deemed exercised on the relevant Exercise Date multiplied by the Strike Price Differential multiplied by one unit of the Settlement Currency multiplied by the Multiplier, if any, and (b) under a Share Option Transaction or Share Basket Option Transaction, an amount, as calculated by the Calculation Agent, equal to the number of Options exercised or deemed exercised on the relevant Exercise Date multiplied by the Option Entitlement multiplied by the Strike Price Differential.

Section 5.3. Settlement Currency. "Settlement Currency" means, in respect of an Option Transaction, the currency specified as such in the related Confirmation and, if none, the currency in which the Premium is denominated.

Section 5.4. Strike Price Differential. "Strike Price Differential" means, unless otherwise provided in the relevant Confirmation, in respect of each Valuation Date, an amount equal to the greater of (a) the excess of (i) in the case of a Call, the relevant Settlement Price over the Strike Price or (ii) in the case of a Put, the Strike Price over the relevant Settlement Price, and (b) zero.

Section 5.5. Cash Settlement Payment Date. "Cash Settlement Payment Date" means, in respect of each Exercise Date, the date specified or otherwise determined as provided in the related Confirmation. If no such date is specified in the Confirmation, the Cash Settlement Payment Date will be the date falling as many Exchange Business Days after the relevant Valuation Date as the Premium Payment Date falls after the Trade Date (or, if such day is not a Currency Business Day, the next succeeding Currency Business Day). In the case of an Index Basket Option Transaction or Share Basket Option Transaction, if as a result of a Market Disruption Event there is, in relation to an Exercise Date, more than one Valuation Date with respect to Indices or Shares comprised in the Basket, then the relevant Cash Settlement Payment Date shall be determined by reference to the Valuation Date which is the last to occur.

ARTICLE 6

PHYSICAL SETTLEMENT OF OPTIONS

Section 6.1. Physical Settlement. In respect of each Exercise Date under an Option Transaction for which "Physical Settlement" is specified to be applicable, on the relevant Settlement Date (a) in the case of a Call, Buyer will pay to Seller the Settlement Price and Seller will deliver to Buyer the Number of Shares to be Delivered or the Number of Baskets to be Delivered, as the case may be, and (b) in the case of a Put, Buyer will deliver to Seller the Number of Shares to be Delivered or the Number of Baskets to be Delivered, as the case may be, and Seller will pay to Buyer the Settlement Price. Such payment and such delivery will be made on the relevant Settlement Date through the relevant Clearance System(s) at the accounts specified in the related Confirmation and, if possible through the relevant Clearance System(s), will be made on a delivery versus payment basis.

Section 6.2. Settlement Date. "Settlement Date" means, in relation to Shares to be delivered in respect of an Exercise Date, the first day on which settlement of a sale of such Shares executed on that Exercise Date customarily would take place through the relevant Clearance System, unless a Settlement Disruption Event prevents delivery of such Shares on that day. If a Settlement Disruption Event does prevent delivery on that day, then the Settlement Date will be the first succeeding day on which delivery of the Shares can take place through the relevant Clearance System unless a Settlement Disruption Event prevents settlement on each of the 10 relevant Clearance System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, (a) if such Shares can be delivered in any other commercially reasonable manner, then the Settlement Date will be the first day on which settlement of a sale of Shares executed on that 10th relevant Clearance System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner of delivery will be deemed the relevant Clearance System for the purposes of delivery of the relevant Shares), and (b) if such Shares cannot be delivered in any other commercially reasonable manner, then the Settlement Date will be postponed until delivery can be effected through the relevant Clearance System or in any other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Shares comprised in a Basket, the Settlement Date for Shares not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Shares executed on that Exercise Date customarily would take place through the relevant Clearance System. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Shares comprised in a Basket, the Calculation Agent shall determine in its discretion the appropriate pro rata portion of the Settlement Price to be paid by the relevant party in respect of that partial settlement.

Section 6.3. Number of Shares to be Delivered. "Number of Shares to be Delivered" means, in respect of an Exercise Date under a Share Option Transaction, the number of Shares equal to the number of Options exercised or deemed exercised on that Exercise Date multiplied by the Option Entitlement, rounded down to the nearest whole Share.

Section 6.4. Number of Baskets to be Delivered. "Number of Baskets to be Delivered" means, in respect of an Exercise Date under a Share Basket Option Transaction, the number of Baskets equal to

the number of Options exercised or deemed exercised on that Exercise Date multiplied by the Option Entitlement, In the event that a Basket to be delivered comprises a fraction of a Share, the number of such Shares comprised in that Basket shall be rounded down to the nearest whole Share.

Section 6.5. Settlement Disruption Event. "Settlement Disruption Event" in relation to a Share means an event beyond the control of the parties as a result of which the relevant Clearance System cannot clear the transfer of such Share.

Section 6.6. Expenses. Following exercise of an Option under a Physically-settled Option Transaction, all expenses of transfer of the relevant Shares to be delivered (such as any stamp duty or stock exchange tax) will be payable by the party that would pay such expenses according to market practice for a sale of such Shares executed on the Exercise Date to be settled through the relevant Clearance System.

Section 6.7. Dividends. Following exercise of an Option under a Physically-settled Option Transaction, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of such Shares executed on the Exercise Date to be settled through the relevant Clearance System.

Section 6.8. Representation and Agreement. In respect of each exercise of an Option under a Physically-settled Option Transaction, the party required to deliver the relevant Shares agrees that it will convey, and, on each date that it delivers such Shares, represents that it has conveyed, good title to the Shares it is required to deliver, free and clear of any lien, charge, claim or other encumbrance (other than a lien routinely imposed on all securities in the relevant Clearance System).

Section 6.9. Failure to Deliver. If "Failure to Deliver" is specified to be applicable to a Physically-settled Option Transaction entered into under an ISDA Master Agreement, then in respect of each exercise of Options under that Transaction, failure by a party to deliver, when due, the relevant Shares under that Transaction will not constitute an Event of Default if the party is unable to deliver the requisite number of Shares due to illiquidity in the market for such Shares and if that party (a) notifies the other party within one Clearance System Business Day of the relevant Exercise Date to that effect and (b) delivers on the Settlement Date such number of Shares, if any, as it can deliver on that date. In such case:

(i) the party's failure to deliver will constitute an Additional Termination Event under the relevant ISDA Master Agreement with that party the sole Affected Party and that Transaction (after consideration of any partial delivery) the sole Affected Transaction, or, in the case of an American style Option Transaction to which Multiple Exercise is applicable, if less than all Options have been exercised (or deemed exercised) on the relevant Exercise Date, the Additional Termination Event will occur in respect of (and the Affected Transaction will be) a Transaction (after consideration of any partial delivery) consisting of the exercised Options only; and

(ii) irrespective of the payment measure elected by the parties under the ISDA Master Agreement, Loss will be deemed to apply for the purpose of determining if any payment will be made in respect of the Affected Transaction.

Section 6.10. Default Interest. If, in respect of each exercise of Options under a Physically-settled Option Transaction, prior to the occurrence or effective designation of an Early Termination Date in respect of that Transaction, a party fails to perform any obligation required to be settled by delivery, it will indemnify the other party on demand for any costs, losses or expenses (including the costs of borrowing the relevant Shares, if applicable) resulting from such failure. A certificate signed by the deliverer setting out such costs, losses or expenses in reasonable detail will be conclusive evidence that they have been incurred.

ARTICLE 7

GENERAL TERMS RELATING TO EQUITY SWAP TRANSACTIONS

Section 7.1. Payment Obligations. In respect of each Equity Payment Date for an Equity Amount Payer under an Equity Swap Transaction:

(a) if the Type of Return specified in the related Confirmation is Price Return, then:

(i) if the Equity Amount determined by the Calculation Agent in relation to that Equity Amount Payer is a positive number, then that Equity Amount Payer will pay (in addition to any other amounts payable by that Equity Amount Payer) to the other party the Equity Amount on that Equity Payment Date; and

(ii) if the Equity Amount determined by the Calculation Agent in relation to that Equity Amount Payer is a negative number, then the other party will pay (in addition to any other amounts payable by that party) to that Equity Amount Payer the absolute value of the Equity Amount on that Equity Payment Date;

(b) if the Type of Return specified in the related Confirmation is Total Return and Re-investment of Dividends is not specified in the related Confirmation as being applicable, then Section 7.1(a) will apply as though Price Return were the applicable Type of Return and, in addition, on each Dividend Payment Date, the relevant Equity Amount Payer will pay to the other party the relevant Dividend Amount (if any) owed by that Equity Amount Payer on that Dividend Payment Date; and

(c) if the Type of Return specified in the related Confirmation is Total Return and Re-investment of Dividends is specified in the related Confirmation as being applicable, then Section 7.1(a) will apply as though Price Return were the applicable Type of Return, provided that for purposes of determining the relevant Equity Amount owed by the Equity Amount Payer the Calculation Agent shall make the adjustment provided for in Section 7.12(d).

Section 7.2. Equity Amount Payer. "Equity Amount Payer" means, in respect of an Equity Swap Transaction, a party specified as such in a relevant Confirmation.

Section 7.3. Equity Payment Date. "Equity Payment Date" means, in respect of an Equity Swap Transaction, an Equity Amount Payer or a Valuation Date, each date specified or otherwise determined as

provided in the related Confirmation. In the case of an Index Basket Swap Transaction or Share Basket Swap Transaction, if as a result of a Market Disruption Event there is more than one Valuation Date in relation to a Scheduled Valuation Date (as defined in Section 4.2(a)) with respect to Indices or Shares comprised in the Basket, then the relevant Equity Payment Date shall be determined by reference to the Valuation Date that is the last to occur.

Section 7.4. Equity Amount. "Equity Amount" means, in respect of each Equity Payment Date, an amount, determined by the Calculation Agent as of the Valuation Date to which the Equity Payment Date relates, equal to the product of the Equity Notional Amount and the Rate of Return.

Section 7.5. Equity Notional Amount. "Equity Notional Amount" means, in respect of an Equity Swap Transaction and an Equity Amount Payer, the amount specified as such (or, if no such amount is specified, the amount specified as a "**Notional Amount**") in the related Confirmation, adjusted, if applicable, as provided in Section 7.11 ("Equity Notional Reset") and 7.12(d).

Section 7.6. Number of Shares. "Number of Shares" means:

(a) in the case of a Share Swap Transaction, the number of Shares specified as such in the related Confirmation; and

(b) in the case of a Share Basket Swap Transaction, for the Shares of each Issuer comprised in the Basket, the number of those Shares specified in the related Confirmation.

Section 7.7. Number of Baskets. "Number of Baskets" means, in respect of an Index Basket Swap Transaction or Share Basket Swap Transaction, the number specified as such in the related Confirmation.

Section 7.8. Rate of Return. "Rate of Return" means, in respect of each Equity Payment Date, a rate determined by the Calculation Agent as of the relevant Valuation Date to which the Equity Payment Date relates on a formula basis as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}} \times \text{Multiplier (if any)}$$

Section 7.9. Initial Price. "Initial Price" means:

(a) in respect of the first Valuation Date under an Equity Swap Transaction, the price specified or otherwise determined as provided in the Confirmation; and

(b) in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date.

Section 7.10. Final Price. "Final Price" means, in respect of each Valuation Date:

(a) in respect of an Index Swap Transaction, the level of the Index determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or, if no means for determining the Final Price is so provided, the level of the Index at the Valuation Time on the Valuation Date;

(b) in respect of a Share Swap Transaction, the price per Share determined by the Calculation Agent as provided in the related Confirmation at the Valuation Time on the Valuation Date or, if no means for determining the Final Price is so provided, the official price or, if there is no official price, the mid-market price per Share on the Exchange at the Valuation Time on the Valuation Date;

(c) in respect of an Index Basket Swap Transaction, an amount for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Final Price is so provided, an amount for the Basket equal to the sum of the Relevant Prices (weighted or adjusted in relation to each Index as provided in the Confirmation) for the Indices comprised in the Basket; and

(d) in respect of a Share Basket Swap Transaction, a price for the Basket determined by the Calculation Agent as provided in the related Confirmation at the relevant Valuation Time(s) on the Valuation Date or, if no means for determining the Final Price is so provided, a price for the Basket equal to the sum of the values for the Shares of each Issuer as the product of (i) the Relevant Price of such Share and (ii) the relevant Number of Shares comprised in the Basket.

Section 7.11. Equity Notional Reset. In respect of each Equity Payment Date for an Equity Amount Payer under an Equity Swap Transaction, if "Equity Notional Reset" is specified as applicable in the related Confirmation, then:

(a) the Equity Notional Amount applicable in respect of the first Equity Payment Date for that Equity Amount Payer under the relevant Equity Swap Transaction will be the amount specified as such in the Confirmation;

(b) the Equity Notional Amount applicable in respect of each subsequent Equity Payment Date will be the sum of (i) the Equity Notional Amount in respect of the prior Equity Payment Date and (ii) the Equity Amount in respect of the prior Equity Payment Date; and

(c) if a "Notional Amount" has been specified in the Confirmation in relation to the other party, the Notional Amount will be adjusted, unless otherwise specified in the Confirmation, as provided in sub-clauses (a) and (b) above as though it were an Equity Notional Amount.

Section 7.12. Dividends.

(a) "Dividend Amount" means, in respect of a Dividend Payment Date and an Equity Amount Payer, an amount determined by the Calculation Agent as provided in the Confirmation in relation to that Equity Amount Payer.

(b) "Dividend Payment Date" means, in respect of a Dividend Period, each date specified or otherwise determined as provided in the related Confirmation or, if no such date is specified, the Equity Payment Date relating to the Valuation Date on which the relevant Dividend Period ends.

(c) "Dividend Period" means, in respect of an Equity Swap Transaction and an Equity Amount Payer, each period from, and excluding, one Valuation Date to, but including, the next following Valuation Date, except that (i) the initial Dividend Period will commence on, but exclude, the date on which the Initial Price is determined or if no such date is specified in the Confirmation, the Trade Date and (ii) the final Dividend Period will end on, and include, the final Valuation Date, subject to adjustment (if any) as provided in the Confirmation.

(d) If "Re-investment of Dividends" is specified as applicable in a Confirmation in relation to an Equity Amount Payer in relation to each relevant Dividend Payment Date, the Calculation Agent shall, for purposes of each subsequent Equity Payment Date, adjust the Equity Notional Amount relating to that Equity Amount Payer by adding to the Equity Notional Amount the Dividend Amount relating to that Equity Amount Payer and that Dividend Payment Date.

ARTICLE 8

ADJUSTMENTS TO INDEX

Section 8.1. Adjustments to Index. (a) If, in respect of an Index Transaction or Index Basket Transaction, a relevant Index is (i) not calculated and announced by the sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that Index will be deemed to be the index so calculated and announced by that successor sponsor or that successor index, as the case may be.

(b) If (i) on or prior to any Valuation Date in respect of an Index Transaction or Index Basket Transaction, a relevant Index sponsor makes a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) or (ii) on any Valuation Date in respect of an Index Transaction or Index Basket Transaction, the sponsor fails to calculate and announce a relevant Index, then the Calculation Agent shall calculate the relevant Settlement Price or Final Price, as the case may be, using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect

prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

Section 8.2. Correction of Index. If, in respect of an Index Transaction or an Index Basket Transaction, the level of an Index published on a given day and used or to be used by the Calculation Agent to determine the Settlement Price or Final Price, as the case may be, is subsequently corrected and the correction published by that Index sponsor or a successor sponsor within 30 days¹ of the original publication, either party may notify the other party of (i) that correction and (ii) the amount that is payable as a result of that correction. If not later than 30 days after publication of that correction a party gives notice that an amount is so payable, the party that originally either received or retained such amount shall, not later than three Currency Business Days after the effectiveness of that notice, pay to the other party that amount, together with interest on that amount at a rate per annum equal to the cost (without proof or evidence of any actual cost) to the other party (as certified by it) of funding that amount for the period from and including the day on which a payment originally was (or was not) made, to but excluding the day of payment of the refund or payment resulting from that correction.

ARTICLE 9

ADJUSTMENTS AND EXTRAORDINARY EVENTS AFFECTING SHARES

Section 9.1. Adjustments. (a) "Method of Adjustment" means a method for determining the appropriate adjustment to make to the terms of a Share Transaction or Share Basket Transaction upon the occurrence of an event having, in the determination of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) If "Options Exchange Adjustment" is specified as the Method of Adjustment in the Confirmation of a Share Transaction or Share Basket Transaction, then following each adjustment to the settlement terms of options on any relevant Shares traded on any Options Exchange, the Calculation Agent will make the corresponding adjustments, if any, to any one or more of:

(i) in respect of a Share Option Transaction, the Strike Price, the Number of Options and the Option Entitlement;

(ii) in respect of a Share Basket Option Transaction, the Strike Price, the Number of Options, the Option Entitlement and the number of such Shares comprised in the Basket;

(iii) in respect of a Share Swap Transaction, the Initial Price, the Equity Notional Amount and the Number of Shares;

¹ If the parties agree that the 30 day publication correction period is inappropriate for hedging or other purposes, the parties may wish to amend this provision in the related Confirmation by specifying an alternative period as agreed by both parties.

(iv) in respect of a Share Basket Swap Transaction, the Initial Price, the Equity Notional Amount and the relevant Number of Shares;

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

(c) If "Calculation Agent Adjustment" is specified as the Method of Adjustment in the Confirmation of a Share Transaction or Share Basket Transaction (or if no Method of Adjustment is specified in the Confirmation of such Transaction), then following the declaration by the Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), if any, to any one or more of:

(A) in respect of a Share Option Transaction, the Strike Price, the Number of Options and the Option Entitlement;

(B) in respect of a Share Basket Option Transaction, the Strike Price, the Number of Options, the Option Entitlement and the number of such Shares comprised in the Basket;

(C) in respect of a Share Swap Transaction, the Initial Price, the Equity Notional Amount and the Number of Shares;

(D) in respect of a Share Basket Swap Transaction, the Initial Price, the Equity Notional Amount and the relevant Number of Shares;

and, in any case, any other variable relevant to the exercise, settlement or payment terms of that Transaction as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

(d) "Options Exchange" means, in respect of a Transaction for which Options Exchange Adjustment is the applicable Method of Adjustment and/or the applicable consequence of one or more types of Merger Event under Section 9.3 ("Consequences of Merger Events") below, the exchange or quotation system specified as such in the related Confirmation or any successor to such exchange or quotation system or, if no such exchange or quotation system is specified, the Related Exchange (if such Related Exchange

trades options on the relevant Share) or, if more than one such Related Exchange is specified, the Related Exchange selected by the Calculation Agent.

(e) "Potential Adjustment Event" means any of the following:

(i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue;

(ii) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Issuer equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an extraordinary dividend;

(iv) a call by the Issuer in respect of relevant Shares that are not fully paid;

(v) a repurchase by the Issuer of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

(vi) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

Section 9.2. Merger Event. (a) "Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, (ii) consolidation, amalgamation or merger of the Issuer with or into another entity (other than a consolidation, amalgamation or merger in which such Issuer is the continuing entity and which does not result in any such reclassification or change of all of such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before, in the case of a Physically-settled Option Transaction, the Expiration Date or, in any other case, the final Valuation Date.

(b) "Merger Date" means, in respect of a Merger Event, the date upon which all holders of the relevant Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

Section 9.3. Consequences of Merger Events. (a) In respect of each Merger Event, the following terms have the meanings given below:

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

(ii) "Share-for-Other" means, in respect of a Merger Event, that the consideration for the relevant Shares consists solely of Other Consideration;

(iii) "Share-for-Combined" means, in respect of a Merger Event, that the consideration for the relevant Shares consists of Combined Consideration;

(iv) "New Shares" means shares (whether of the offeror or a third party);

(v) "Other Consideration" means cash and/or any securities (other than New Shares) or assets (whether of the offeror or a third party); and

(vi) "Combined Consideration" means New Shares in combination with Other Consideration.

(b) In respect of each Share-for-Share Merger Event, if, under "Consequences of Merger Events" opposite "Share-for-Share", the consequence specified is:

(i) "Alternative Obligation", then on or after the relevant Merger Date (A) in the case of a Share Option Transaction, the number of New Shares to which a holder of the number of Shares equal to the Option Entitlement would be entitled upon consummation of the Merger Event will be deemed the "Option Entitlement" and the New Shares and their issuer will be deemed the "Shares" and the "Issuer", respectively, and, if necessary, the Calculation Agent will adjust any relevant terms accordingly, (B) in the case of a Share Basket Option Transaction, the Basket will be adjusted to include the number of New Shares to which a holder of the number of Shares equal to the number of the Shares comprised in the Basket immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed "Shares" and an "Issuer", respectively and, if necessary, the Calculation Agent will adjust any relevant terms accordingly, (C) in the case of a Share Swap Transaction, the number of New Shares to which a holder of the Number of Shares would be entitled upon consummation of the Merger Event will be deemed the "Number of Shares" and the New Shares and their issuer will be deemed the "Shares" and the "Issuer", respectively, and, if necessary, the Calculation Agent will adjust any relevant terms, and (D) in the case of a Share Basket Swap Transaction, the Basket will be adjusted to include the number of New Shares to which a holder of the relevant Number of Shares immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed the "Number of Shares" and the "Issuer", respectively, and, if necessary, the Calculation Agent will adjust any relevant terms;

(ii) "Cancellation and Payment", then (A) in the case of a Share Option Transaction or Share Basket Option Transaction, the Option Transaction will be cancelled as of the Merger Date and Seller will pay to Buyer the amount specified in Section 9.7 ("Payment upon Certain Extraordinary Events") and (8) in the case of a Share Swap Transaction or a Share Basket Swap Transaction, (X) the occurrence of a Share-for-Share Merger Event will constitute an Additional Termination Event under the relevant ISDA Master Agreement with the relevant Share Swap Transaction or Share Basket Swap Transaction the sole Affected Transaction and the party who is not the Equity Amount Payer the Affected Party; if there are two Equity Amount Payers, then the Equity Amount Payer in relation to whom the Equity Amount is not calculated by reference to the affected Shares shall be the Affected Party or, if the Equity Amount with respect to both parties is calculated by reference to the affected Shares, then both parties will be Affected Parties and (Y) irrespective of the payment measure elected by the parties under the ISDA Master Agreement, Market Quotation will be deemed to apply for the purpose of determining if any payment will be made in respect of the Affected Transaction; or

(iii) "Options Exchange Adjustment", then the Calculation Agent will make one or more adjustments as provided in Section 9.1(b) (without regard to the words "diluting or concentrative" in the second sentence),

(c) In respect of each Share-for-Other Merger Event if, under "Consequences of Merger Events" opposite "Share-for-Other", the consequence specified is:

(i) "Alternative Obligation", then on or after the relevant Merger Date (A) in the case of a Share Option Transaction, for the purposes of delivery if Physical Settlement is applicable and for the purposes of valuation if Cash Settlement is applicable, the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the number of Shares equal to the Option Entitlement would be entitled upon consummation of the Merger Event will be deemed the "Option Entitlement", and, if necessary, the Calculation Agent will adjust any relevant terms accordingly, (B) in the case of a Share Basket Option Transaction for purposes of delivery if Physical Settlement is applicable or for the purposes of valuation if Cash Settlement is applicable, the Basket will be adjusted to include, in lieu of the relevant Shares (in addition to the other Shares comprised in the Basket) the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the number of Shares equal to the number of the Shares comprised in the Basket immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event, and, if necessary, the Calculation Agent will adjust any relevant terms accordingly, (C) in the case of a Share Swap Transaction, the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the Number of Shares would be entitled upon consummation of the Merger Event will be deemed the "Number of Shares" and, if necessary, the Calculation Agent will adjust any relevant terms, and (D) in the case of a Share Basket Swap Transaction, the amount of Other Consideration (as subsequently modified in accordance with any

relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the relevant Number of Shares would be entitled upon consummation of the Merger Event will be deemed the "Number of Shares" and, if necessary, the Calculation Agent will adjust any relevant terms;

(ii) "Cancellation and Payment", then (A) in the case of a Share Option Transaction or Share Basket Option Transaction, the Option Transaction will be cancelled as of the Merger Date and Seller will pay to Buyer the amount specified in Section 9.7 ("Payment upon Certain Extraordinary Events") and (B) in the case of a Share Swap Transaction or a Share Basket Swap Transaction, (X) the occurrence of a Share-for-Other Merger Event will constitute an Additional Termination Event under the relevant ISDA Master Agreement with the relevant Share Swap Transaction or Share Basket Swap Transaction the sole Affected Transaction and the party who is not the Equity Amount Payer the Affected Party; if there are two Equity Amount Payers, then the Equity Amount Payer in relation to whom the Equity Amount is not calculated by reference to the affected Shares shall be the Affected Party or, if the Equity Amount with respect to both parties is calculated by reference to the affected Share, then both parties will be Affected Parties and (Y) irrespective of the payment measure elected by the parties under the ISDA Master Agreement, Market Quotation will be deemed to apply for the purpose of determining if any payment will be made in respect of the Affected Transaction; or

(iii) "Options Exchange Adjustment", then the Calculation Agent will make one or more adjustments as provided in Section 9.1(b) (without regard to the words "diluting or concentrative" in the second sentence).

(d) In respect of each Share-for-Combined Merger Event if, under "Consequences of Merger Events" opposite "Share-for-Combined", the consequence specified is:

(i) "Alternative Obligation", then on or after the Merger Date (A) in the case of a Share Option Transaction, for the purposes of delivery if Physical Settlement is applicable and for the purposes of valuation if Cash Settlement is applicable, the number of New Shares and the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the number of Shares equal to the Option Entitlement would be entitled upon consummation of the Merger Event will be deemed the "Option Entitlement" and the New Shares and their issuer will be deemed the "Shares" and the "Issuer", respectively and, if necessary, the Calculation Agent will adjust any relevant terms accordingly, (B) in the case of a Share Basket Option Transaction, then, for the purposes of valuation if Cash Settlement is applicable or for the purposes of delivery if Physical Settlement is applicable, the Basket will be adjusted to include, in lieu of the relevant Shares (in addition to the other Shares comprised in the Basket) the number of New Shares and the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the number of Shares equal to the number of the Shares comprised in the Basket immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed "Shares" and an "Issuer", respectively and, if necessary, the

Calculation Agent will adjust any relevant terms accordingly, (C) in the case of a Share Swap Transaction, the number of New Shares and the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the Number of Shares would be entitled upon consummation of the Merger Event will be deemed the "Number of Shares", the New Shares and their issuer will be deemed the "Shares" and the "Issuer", respectively, and, if necessary, the Calculation Agent will adjust any relevant terms and (D) in the case of a Share Basket Swap Transaction, the number of New Shares and the amount of Other Consideration (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable) to which a holder of the relevant Number of Shares would be entitled upon consummation of the Merger Event will be deemed the "Number of Shares" with respect to the affected Shares and, if necessary, the Calculation Agent will adjust any relevant terms;

(ii) "Cancellation and Payment", then (A) in the case of a Share Option Transaction or Share Basket Option Transaction, the Option Transaction will be cancelled as of the Merger Date, and Seller will pay to Buyer the amount specified in Section 9.7 ("Payment upon Certain Extraordinary Events") and (B) in the case of a Share Swap Transaction or a Share Basket Swap Transaction, (X) the occurrence of a Share-for-Combined Merger Event will constitute an Additional Termination Event under the relevant ISDA Master Agreement with the relevant Share Swap Transaction or Share Basket Swap Transaction the sole Affected Transaction and the party who is not the Equity Amount Payer the Affected Party; if there are two Equity Amount Payers, then the Equity Amount Payer in relation to whom the Equity Amount is not calculated by reference to the affected Shares shall be the Affected Party or, if the Equity Amount with respect to both parties is calculated by reference to the affected Shares, then both parties will be Affected Parties and (Y) irrespective of the payment measure elected by the parties under the ISDA Master Agreement, Market Quotation will be deemed to apply for the purpose of determining if any payment will be made in respect of the Affected Transaction; or

(iii) "Options Exchange Adjustment", then the Calculation Agent will make one or more adjustments as provided in Section 9.1(b) (without regard to the words "diluting or concentrative" in the second sentence).

Section 9.4. Settlement following a Merger Event. (a) If New Shares are required to be delivered in relation to a Merger Event under an Option Transaction to which Physical Settlement applies, in respect of each Option exercised the deliveror will deliver the relevant New Shares in accordance with the Settlement Terms set out in the relevant Confirmation, provided that if on the relevant Settlement Date a holder of the Shares would not yet have received the New Shares to which it is entitled, the Settlement Date with respect to such New Shares will be postponed to the first Clearance System Business Day falling on or after the first day on which a holder of the relevant Shares, having received the New Shares, would be able to deliver such New Shares to the other party.

(b) If Other Consideration is required to be delivered in relation to a Merger Event under an Option Transaction to which Physical Settlement applies, then in respect of each Option exercised the deliveror will deliver the Other Consideration to the other party in a commercially reasonable manner in

accordance with the reasonable directions of the other party as soon as reasonably practicable after the later of (i) the relevant Exercise Date and (ii) the first day on which a holder of the relevant Shares, having received the Other Consideration, would be able to deliver such Other Consideration to the other party.

(c) If Other Consideration is required to be valued in relation to a Merger Event under a Transaction to which Cash Settlement applies, the Other Consideration will be valued by the Calculation Agent on each Valuation Date in a commercially reasonable manner. For the avoidance of doubt, the provisions of these Definitions relating to Market Disruption Events will not apply to Other Consideration.

Section 9.5. Election of Combined Consideration. In respect of any Share-for-Combined Merger Event, to the extent that a holder of Shares equal to the relevant Option Entitlement or Number of Shares could elect the Combined Consideration then:

(a) in the case of an Option Transaction:

(i) if a holder could elect to receive New Shares as part of the Combined Consideration, then the Combined Consideration shall be deemed to be New Shares to the maximum value permitted; and

(ii) if a holder could make any other election, the composition of the Combined Consideration shall be determined as follows: (A) the deliverer or payee may make such an election if notice of that election is given to the deliveror or payor at least two Exchange Business Days before the last time when an election of the Combined Consideration by such holder could be timely made; and (B) otherwise the deliveror or payor will, in its sole discretion, make such election; and

(b) in the case of a Share Swap Transaction or Share Basket Swap Transaction, the Calculation Agent will, in its sole discretion, make the election to the extent that a holder could make such election.

Section 9.6. Nationalization or Insolvency. (a) The following terms have the meanings given below:

(i) "Nationalization" means that all the Shares or all the assets or substantially all the assets of an Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity; and

(ii) "Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting an Issuer, (A) all the Shares of that Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Issuer become legally prohibited from transferring them.

(b) Either party will, upon becoming aware of the occurrence of a Nationalization or Insolvency, notify the other party of such event.

(c) For the purpose of determining the consequence of a Nationalization or an Insolvency:

(i) "Negotiated Close-out" means that the parties may, but are not obliged, to terminate the Transaction on mutually acceptable terms and if the parties do not agree to terminate the Transaction, then it continues on the terms and subject to the conditions then in effect, provided, that, any Options to which Physical Settlement is applicable will at the option of either party become Options to which Cash Settlement is applicable except that if a Market Disruption Event occurs on a day that is a Valuation Date, the Calculation Agent will ignore the provisions of Section 4.2 relating to Market Disruption Events and will instead determine its good faith estimate of the Settlement Price or Final Price at the Valuation Time on that Valuation Date;

(ii) "Cancellation and Payment" means that (A) in the case of a Share Option Transaction or Share Basket Option Transaction, the Option Transaction will be cancelled as of the Announcement Date and Seller will pay to Buyer the amount specified in Section 9.7 ("Payment upon Certain Extraordinary Events") and (B) in the case of a Share Swap Transaction or a Share Basket Swap Transaction, (X) the Nationalization or Insolvency will constitute an Additional Termination Event under the relevant ISDA Master Agreement with the relevant Share Swap Transaction or Share Basket Swap Transaction the sole Affected Transaction and the party who is not the Equity Amount Payer the Affected Party; if there are two Equity Amount Payers, then the Equity Amount Payer in relation to whom the Equity Amount is not calculated by reference to the affected Shares shall be the Affected Party or, if the Equity Amount with respect to both parties is calculated by reference to the affected Shares, then both parties will be Affected Parties and (Y) irrespective of the payment measure elected by the parties under the ISDA Master Agreement, Market Quotation will be deemed to apply for the purpose of determining if any payment will be made in respect of the Affected Transaction.

Section 9.7. Payment upon Certain Extraordinary Events. (a) If, in respect of a Share Option Transaction or Share Basket Option Transaction, Section 9.3 applies in relation to a Merger Event or Section 9.6(c)(ii)(A) or Section 9.6(c)(ii)(B) applies, then Seller will pay to Buyer an amount determined as provided in clause (b) below, such payment to be made not later than three Currency Business Days following the determination by the Calculation Agent of such amount (denominated in the currency for settlement of the transaction as determined by the Calculation Agent).

(b) The amount to be paid by Seller to Buyer under clause (a) above will be the amount agreed promptly by the parties after the Merger Date or the date of the occurrence of the Nationalization or Insolvency, as the case may be, failing which it will be determined by the Calculation Agent and based on quotations sought by it from four leading market dealers. Each quotation will represent the quoting dealer's expert opinion as to the fair value to Buyer of an option with terms that would preserve for Buyer the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) by the parties in respect of the relevant Transaction that would have been required after that date but for the occurrence of the Option Value Event. Each quotation will be calculated on the basis of the

following information provided by the Calculation Agent (and such other factors as the quoting dealer deems appropriate):

(i) a volatility equal to the average of the Option Period Volatility of the relevant Shares for each Exchange Business Day during the two-year² historical period ending on the Announcement Date of the Option Value Event;

(ii) dividends based on, and payable on the same dates as, amounts determined by the Calculation Agent to have been paid in respect of gross ordinary cash dividends on the relevant Shares in the calendar year ending on the Announcement Date; and

(iii) a value ascribed to the relevant Shares equal to the consideration, if any, paid in respect of such Shares to holders of such Shares at the time of the Option Value Event.

If more than three quotations are provided, the amount will be the arithmetic mean of the quotations, without regard to the quotations having the highest and the lowest values. If exactly three quotations are provided, the amount will be the quotation remaining after disregarding the highest and the lowest quotations. For this purpose, if more than one quotation has the same highest or lowest value, then one of such quotations will be disregarded. If two quotations are provided, the amount will be the arithmetic mean of the quotations. If one quotation is provided, the amount will equal the quotation. If no quotation is provided, the amount will be determined by the Calculation Agent in its sole discretion.

(c) For purposes of clause (b):

(i) "Option Value Event" means the Merger Event or the Nationalization or Insolvency, as the case may be;

(ii) "Option Period Volatility" means, in respect of any Exchange Business Day, the volatility (calculated by referring to the closing price of the relevant Shares on the Exchange) for a period equal to the number of days between the Announcement Date and the Expiration Date; and

(iii) "Announcement Date" means (A) in respect of a Merger Event or Nationalization, the date of the first public announcement of a firm intention, in the case of a Merger Event, to merge or to make an offer and, in the case of a Nationalization, to nationalize (whether or not amended or on the terms originally announced) that leads to the Merger Event or the Nationalization, as the case may be and (B) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, in each case as determined by the Calculation Agent.

² The parties may agree that the two-year historical period is inappropriate and may therefore wish to amend this provision in the related Confirmation by specifying an alternative appropriate historical period as agreed by both parties.

**Introduction, Standard Paragraphs and Closing for a
Letter Agreement or Telex Confirming a Transaction**

Heading for Letter¹

[Letterhead of Party A]

[Date]

Transaction

[Name and Address of Party B]

Heading for Telex²

Date:

To: [Name and Telex Number of Party B]

From: [Party A]

Re: [Option][Swap] Transaction

Dear :

The purpose of this [letter agreement/telex] (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 1996 ISDA Equity Derivatives Definitions (the "Equity Definitions"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation will govern.³

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of [date], as amended and supplemented from time to time (the "Agreement"), between [Name of

¹ Delete as applicable.

² Delete as applicable.

³ If, for an Equity Swap Transaction, the parties also wish to incorporate the 1991 ISDA Definitions, this paragraph should be replaced by the following: "The definitions and provisions contained in the 1991 ISDA Definitions (the "Swap Definitions") and in the 1996 ISDA Equity Derivatives Definitions (the "Equity Definitions", and together with the Swap Definitions, the "Definitions"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern."

Party A] ("Party A") and [Name of Party B] ("Party B"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.⁴

[INSERT RELEVANT ADDITIONAL PROVISIONS FROM ONE OF EXHIBITS II-A to II-J]

3. Calculation Agent.⁵

[4. agrees to provide the following Credit Support Document [or agrees to provide the following in accordance with [specify Credit Support Document]:]

[5.] Account Details:

Account for payments to Party A:

[Account for delivery of Shares to Party A:]

Account for payments to Party B:

[Account for delivery of Shares to Party B:]

[6. Offices:

(a) The Office of Party A for the Transaction is ; and

(b) The Office of Party B for the Transaction is

[7. Broker/Arranger:]

[8. Governing law:⁶ [English law][the laws of the State of New York (without reference to choice of law doctrine)]⁷

⁴ If the parties have not yet executed, but intend to execute, an ISDA Master Agreement include, instead of this paragraph, the following: "This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form"), with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form a part of, and be subject to that agreement. All provisions contained or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (but without any Schedule) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction."

⁵ If the Calculation Agent is a third party, the parties will want to consider any documentation necessary to confirm its undertaking.

⁶ Include if the parties have not yet executed an ISDA Master Agreement (even if relying on inclusion of the paragraph set out in footnote 4 above).

⁷ Delete as appropriate.

*Closing for Letter*⁸

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter or telex substantially similar to this letter, which letter or telex sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms.

Yours sincerely,

[PARTY A]

By: _____
Name:
Title:

Confirmed as of the date
first above written:

[PARTY B]

By: _____
Name:
Title:

*Closing for Telex*⁹

Please confirm that the foregoing correctly sets forth the terms of our agreement by sending to us a letter or telex substantially similar to this telex, which letter or telex sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms, or by sending to us a return telex substantially to the following effect:

"Re:

We acknowledge receipt of your telex dated [] with respect to the above-referenced Transaction between [Party A] and [Party B] with a Trade Date of [] and an Expiration Date of [] and confirm that such telex correctly sets forth the terms of our agreement relating to the Transaction described therein. Very truly yours, [Party B], by [specify name and title of authorized officer]."

Yours sincerely,

[PARTY A]

By: _____
Name:
Title:

⁸ Delete as applicable.

⁹ Delete as applicable.

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**Additional Provisions for a Confirmation
of an Index Option Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A] [Party B]

Buyer: [Party A] [Party B]

Index: []

Number of Options: []

[Multiplier: []]¹⁰

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []]¹¹

[Maximum Number of Options: []]¹²

[Integral Multiple: []]¹³

Strike Price: []¹⁴

¹⁰ Include a Multiplier if it is intended that the Cash Settlement Amount will be based on a percentage (e.g., 50% or 200%) of the performance of the Index or another amount.

¹¹ Include if an American style option providing for Multiple Exercise.

¹² Include if an American style option providing for Multiple Exercise.

¹³ Include if an American style option providing for Multiple Exercise.

¹⁴ The parties may insert an amount or a formula from which the Strike Price will be determined.

Premium: []
 [(Premium per Option [])]

Premium Payment Date: []

Exchange(s): []¹⁵

[Related Exchange(s): []]¹⁶

Procedure for Exercise:

[Commencement Date: [Trade Date][Premium Payment Date]]¹⁷

[Latest Exercise Time: [] (local time in)]¹⁸

Expiration Time: [] (local time in)¹⁹

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]²⁰
 Telephone Number and Telex
 and/or Facsimile Number and
 Contact Details for Purpose
 of Giving Notice: []

Valuation:

Valuation Time: At [the close of trading on each of the Exchanges]
 [:00 a.m./p.m. (local time in)]²¹,

Valuation Date: [The][Each] Exercise Date

[Averaging Dates: [[In relation to each Valuation Date,]²²]]

15 Insert the name of the principal exchange(s) or quotation system(s) on which the securities comprised in the Index are traded or quoted.

16 Insert relevant futures and options exchange(s), if applicable.

17 Include if American style option.

18 Include if American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.

19 Specify city in which Seller or, if applicable, Seller's Agent is located for purposes of receiving notices.

20 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.

21 Specify each city where the relevant Exchanges are located, if applicable.

22 Include if an American style Option Transaction providing for Multiple Exercise.

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Futures Price Valuation: [Applicable] [Inapplicable]]
[Exchange-traded Contract: []]²³

Settlement Terms:

Cash Settlement: Applicable

[Relevant Price: [The level of the Index]]²⁴

[Settlement Price: []]²⁵

[Strike Price Differential: []]²⁶

Settlement Currency:²⁷ []

Cash Settlement Payment Date: [In respect of each Exercise Date,]²⁸ [] Currency Business Days after the relevant Valuation Date

[Cash Settlement Amount: []]²⁹

23 Parties should refer to Section 4.5(b) for the details to be specified in relation to the Exchange-traded Contract.

24 Include if a Transaction providing for Averaging Dates.

25 It is not necessary to specify a means for determining the Settlement Price if the Settlement Price is the level of the Index at the Valuation Time on the relevant Valuation Date.

26 The parties do not need to specify how the Strike Price Differential is determined unless they wish to use an alternative method to that specified in Section 5.4.

27 If a currency conversion is contemplated, parties may wish to provide for how, when and by whom the relevant exchange rate is to be determined.

28 Include if an American style option providing for Multiple Exercise.

29 The parties do not need to specify how the Cash Settlement Amount will be calculated unless they wish to amend the terms of Section 5.2.

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**Additional Provisions for a Confirmation of
a Share Option Transaction (Cash Settlement)**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Shares: [Insert full title, class and/or par value of the Shares and any other identification number or reference for the Shares] of [insert full legal name of the issuer of the Shares]

Number of Options: []

Option Entitlement: [] Share(s) per Option

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []]³⁰

[Maximum Number of Options: []]³¹

[Integral Multiple: []]³²

Strike Price: []³³

³⁰ Include if an American style option providing for Multiple Exercise.
³¹ Include if an American style option providing for Multiple Exercise.
³² Include if an American style option providing for Multiple Exercise.

Premium: []
 [(Premium per Option [])]

Premium Payment Date: []

Exchange: []³⁴

[Related Exchange(s): []]³⁵

Procedure for Exercise:

[Commencement Date: [Trade Date/Premium Payment Date]]³⁶

[Latest Exercise Time: [] [a.m./p.m.] (local time in)]³⁷

Expiration Time: [] [a.m./p.m.] (local time in)]³⁸

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]³⁹ Telephone
 Number and Telex and/or
 Facsimile Number and
 Contact Details for Purpose
 of Giving Notice: []

Valuation:

Valuation Time: At [the close of trading on the
 Exchange][:00 a.m./p.m. (local time in)]⁴⁰

33 This should be expressed as a Strike Price per Share. The parties may insert an amount or a formula from which the Strike Price will be determined and the adjustments, if any, that dividend payments would occasion.

34 Insert the name of the principal exchange or quotation system on which the Shares are traded or quoted.

35 Insert relevant futures and options exchange(s), if applicable.

36 Include if American style option.

37 Include if American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify city in which the Exchange is located.

38 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify city in which the Exchange is located.

39 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.

40 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices.

Valuation Date: [The][Each] Exercise Date

[Averaging Dates: [[In relation to each Valuation Date,]⁴¹]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

Settlement Terms:

Cash Settlement: Applicable

[Settlement Price: []]

[Relevant Price: The [bid][offer][mid-market]past-quoted][last traded] price per Share quoted by the Exchange]⁴²

[Strike Price Differential: []]⁴³

Cash Settlement Payment Date: [In respect of each Exercise Date,]⁴⁴ [] Currency Business Days after the relevant Valuation Date

[Cash Settlement Amount: []]⁴⁵

Adjustments.⁴⁶

Method of Adjustment: [Options Exchange Adjustment][Calculation Agent Adjustment]⁴⁷

[Options Exchange: []]⁴⁸

41 Include if American style option providing for Multiple Exercise.

42 Include if a Transaction providing for Averaging Dates.

43 The parties do not need to specify how the Strike Price Differential is determined unless they wish to use an alternative method to that specified in Section 5.4.

44 Include if an American style option providing for Multiple Exercise.

45 The parties do not need to specify how the Cash Settlement Amount will be calculated unless they wish to amend the terms of Section 5.2.

46 The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).

47 If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.

48 Include if using Options Exchange Adjustment for share adjustments.

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

(b) Share-for-Other: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

(c) Share-for-Combined: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

[Options Exchange: []]⁴⁹

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

49 Include if using Options Exchange Adjustment for extraordinary events.

**Additional Provisions for a Confirmation of
a Share Option Transaction (Physical Settlement)**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Shares: [Insert full title, class and/or par value of the Shares and any other identification number or reference for the Shares] of [insert full legal name of the issuer of the Shares]

Number of Options: []

Option Entitlement: [] Share(s) per Option

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []]⁵⁰

[Maximum Number of Options: []]⁵¹

[Integral Multiple: []]⁵²

Strike Price: []⁵³

⁵⁰ Include if an American style option providing for Multiple Exercise.
⁵¹ Include if an American style option providing for Multiple Exercise.
⁵² Include if an American style option providing for Multiple Exercise.

Premium: []
 [(Premium per Option [])]

Premium Payment Date: []

Exchange: []⁵⁴

[Related Exchange(s): []]⁵⁵

Clearance System(s): []⁵⁶

Procedure for Exercise:

[Commencement Date: []]⁵⁷

[Latest Exercise Time: [] [a.m./p.m.] (local time in)]⁵⁸

Expiration Time: [] [a.m./p.m.] (local time in)⁵⁹

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]⁶⁰ Telephone
 Number and Telex and/or
 Facsimile Number and
 Contact Details for Purpose
 of Giving Notice: []

53 This should be expressed as a Strike Price per Share. The parties may insert an amount or a formula from which the Strike Price will be determined and the adjustments, if any, that dividend payments would occasion.

54 Insert the name of the principal exchange or quotation system on which the Shares are traded or quoted.

55 Insert relevant futures and options exchange(s) if applicable.

56 The parties may specify more than one Clearance System where applicable.

57 Include if American style option.

58 Include if American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify city in which the Exchange is located.

59 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify city in which the Exchange is located.

60 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.

Reference Price: [The [bid] [offer] [mid-market] [last quoted] [last traded] price per Share quoted by the Exchange at the Expiration Time on the Expiration Date]⁶¹

Settlement Terms:

Physical Settlement: Applicable⁶²

Failure to Deliver: [Applicable][Inapplicable]

Adjustments:⁶³

Method of Adjustment: [Options Exchange Adjustment] [Calculation Agent Adjustment]⁶⁴

[Options Exchange: []]⁶⁵

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

(b) Share-for-Other: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

(c) Share-for-Combined: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

[Options Exchange: []]⁶⁶

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

⁶¹ The parties may specify that the Reference Price will be determined by reference to another specified price (e.g., highest bid at 11.00 a.m.) or another stock exchange or quotation system if reference to another specified price is preferred.

⁶² If settlement cannot or will not be on the basis of delivery versus payment, specify the relevant details. Where the Shares do not settle (or the parties otherwise do not wish to settle the Shares) through a clearance system, the settlement procedures will need to be specified and relevant provisions of Article 6 of the Equity Derivative Definitions may have to be modified to take into account such settlement procedures.

⁶³ The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).

⁶⁴ If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.

⁶⁵ Include if using Options Exchange Adjustment for share adjustments.

⁶⁶ Include if using Options Exchange Adjustment for extraordinary events.

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**Additional Provisions for a Confirmation of
an Index Basket Option Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Basket: As specified in Annex 1

Number of Options: []

Option Entitlement: [] Basket (s) per Option

[Multiplier: []]⁶⁷

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []]⁶⁸

[Maximum Number of Options: []]⁶⁹

[Integral Multiple: []]⁷⁰

⁶⁷ Include a Multiplier if it is intended that the Cash Settlement Amount will be based on a percentage (e.g., 50% or 200%) of the performance of the Basket or another amount.

⁶⁸ Include if an American style option providing for Multiple Exercise.

⁶⁹ Include if an American style option providing for Multiple Exercise.

Strike Price: []⁷¹

Premium: []
 [(Premium per Option [])]

Premium Payment Date: []

Exchange(s): As specified in Annex 1

Related Exchange(s): As specified in Annex 1

Procedure for Exercise:

[Commencement Date: [Trade Date][Premium Payment Date]]⁷²

[Latest Exercise Time: [] [a.m./p.m.] (local time in)]⁷³

Expiration Time: [] [a.m./p.m.] (local time in)]⁷⁴

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]⁷⁵ Telephone
 Number and Telex and/or
 Facsimile Number and
 Contact Details for Purpose
 of Giving Notice: []

Valuation:

Valuation Time: At [the close of trading on each of the Exchanges]
 [:00 a.m./p.m. (local time in)]⁷⁶

70 Include if an American style option providing for Multiple Exercise.
 71 This should be expressed as a Strike Price per Basket. The parties may insert an amount or a formula from which the Strike Price will be determined.
 72 Include if an American style option.
 73 Include if an American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.
 74 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.
 75 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.
 76 Specify each city where the relevant Exchanges are located, if applicable.

Valuation Date: [The][Each] Exercise Date

[Averaging Dates: [[In relation to each Valuation Date,]⁷⁷]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Futures Price Valuation: [Applicable in relation to each of the Indices specified in Annex 1] [Inapplicable]]

[Exchange-traded Contract(s): [As specified in Annex 1]]

Settlement Terms:

Cash Settlement: Applicable

[Strike Price Differential: []⁷⁸]

[Settlement Price: []⁷⁹]

[Relevant Price: [The level of the Index]]

Settlement Currency: []⁸⁰

Cash Settlement Payment Date: [In respect to each Exercise Date,]⁸¹ [] Currency Business Days after the relevant Valuation Date

[Cash Settlement Amount: []⁸²]

⁷⁷ Include if an American style option providing for Multiple Exercise.

⁷⁸ The parties do not need to specify how the Strike Price Differential is determined unless they wish to use an alternative method to that specified in Section 5.4.

⁷⁹ It is not necessary to specify a means for determining the Settlement Price if the Settlement Price is an amount equal to the sum of the Relevant Prices (weighted or adjusted in relation to each Index as provided in Annex 1) for the Indices comprised in the Basket.

⁸⁰ If a currency conversion is contemplated, parties may wish to provide for how, when and by whom the relevant exchange rate is to be determined.

⁸¹ Include if an American style option providing for Multiple Exercise.

⁸² The parties do not need to specify how the Cash Settlement Amount will be calculated unless they wish to amend the terms of Section 5.2.

ANNEX 1

Indices comprised in the Basket

The Basket is composed of the following Indices in the relative weightings set out in relation to each Index below. [Futures Price Valuation is applicable to each Index for which an Exchange-traded Contract is specified below.]⁸³

<i>Index</i>	<i>[Sponsor]⁸⁴</i>	<i>Exchange⁸⁵</i>	<i>Related Exchange(s)⁸⁶</i>	<i>Weighting</i>	<i>[Exchange-traded Contract]⁸⁷</i>
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	

83 Delete if Futures Price Valuation is not applicable.
 84 This column may be deleted if not necessary for purposes of the clear identification of the Index.
 85 Insert the name of the principal exchange(s) or quotation system(s) where each of the securities comprising each of the Indices is listed.
 86 Insert relevant futures and options exchange(s) if applicable.
 87 Parties should refer to Section 4.5 (b) for the details to be specified in relation to each Exchange-traded Contract listed in this Annex 1.

**Additional Provisions for a Confirmation of
a Share Basket Option Transaction (Cash Settlement)**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Basket: As specified in Annex 1

Number of Options: []

Option Entitlement: []Basket(s) per Option

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []⁸⁸

[Maximum Number of Options: []⁸⁹

[Integral Multiple: []⁹⁰

Strike Price: []⁹¹

88 Include if an American style option providing for Multiple Exercise.

89 Include if an American style option providing for Multiple Exercise.

90 Include if an American style option providing for Multiple Exercise.

Premium: [] [(Premium per Option [])]

Premium Payment Date: []

Exchange(s): As specified in Annex 1

[Related Exchange(s): As specified in Annex 1]

Procedure for Exercise:

[Commencement Date: [Trade Date][Premium Payment Date]]⁹²

[Latest Exercise Time: [] [a.m./p.m.] (local time in)]⁹³

Expiration Time: [] [a.m./p.m.] (local time in)⁹⁴

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]⁹⁵ Telephone Number and Telex and/or Facsimile Number and Contact Details for Purpose of Giving Notice: []

Valuation:

Valuation Time: At [the close of trading on [the] [each] Exchange]: 00 a.m./p.m. (local time in)]⁹⁶

Valuation Date: [The][Each] Exercise Date

[Averaging Dates: [[In relation to each Valuation Date,]⁹⁷]]

91 This should be expressed as a Strike Price per Basket. The parties may insert an amount or a formula from which the Strike Price will be determined and the adjustments, if any, that dividend payments would occasion.

92 Include if American style option.

93 Include if American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.

94 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.

95 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.

96 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices.

[Averaging Date Market
Disruption:

[Omission] [Postponement] [Modified Postponement]

Settlement Terms:

Cash Settlement:

Applicable

Settlement Price:

[]

[Strike Price Differential:

[]⁹⁸

[Relevant Price:

[The [bid][offer][mid-market][last quoted][last traded] price per Share quoted by [the][each] Exchange]

Settlement Currency:

[]⁹⁹

Cash Settlement Payment
Date:

[In respect to each Exercise Date,]¹⁰⁰ [] Currency
Business Days after the relevant Valuation Date

[Cash Settlement Amount:

[]¹⁰¹

Adjustments:¹⁰²

Method of Adjustment:

[Options Exchange Adjustment][Calculation Agent
Adjustment]¹⁰³

[Options Exchange:

[]¹⁰⁴

97 Include if an American style option providing for Multiple Exercise.

98 The parties do not need to specify how the Strike Price Differential is determined unless they wish to use an alternative method to that specified in Section 5.4.

99 If a currency conversion is contemplated, parties may wish to provide for how, when and by whom the relevant exchange rate is to be determined.

100 Include if an American style option providing for Multiple Exercise.

101 The parties do not need to specify how the Cash Settlement Amount will be calculated unless they wish to amend the terms of Section 5.2.

102 The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).

103 If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.

104 Include if using Options Exchange Adjustment for share adjustments.

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

(b) Share-for-Other: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

(c) Share-for-Combined: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]

[Options Exchange: []]¹⁰⁵

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

¹⁰⁵ Include if using Options Exchange Adjustment for extraordinary events.

ANNEX 1

Shares comprised in the Basket

The Basket is composed of the specified Shares of the Issuers listed below in the relative proportions and numbers set out in relation to each Issuer below.

<i>Issuer</i>	<i>{Security Identification Number}</i>	<i>Class</i>	<i>Number of Shares in Basket</i>	<i>Exchange¹⁰⁶</i>	<i>Related Exchange(s)¹⁰⁷</i>

¹⁰⁶ Insert the name of the principal exchange(s) or quotation system(s) where each of the Shares comprising the Basket is traded or quoted.

¹⁰⁷ Insert relevant futures and options exchange(s) if applicable.

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**Additional Provisions for a Confirmation of
a Share Basket Option Transaction (Physical Settlement)**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Option Style: [American] [European]

Option Type: [Put] [Call]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Basket: As specified in Annex 1

Number of Options: []

Option Entitlement: [] Basket(s) per Option

Multiple Exercise: [Applicable] [Inapplicable]

[Minimum Number of Options: []¹⁰⁸

[Maximum Number of Options: []¹⁰⁹

[Integral Multiple: []¹¹⁰

Strike Price: []¹¹¹

108 Include if an American style option providing for Multiple Exercise.

109 Include if an American style option providing for Multiple Exercise.

110 Include if an American style option providing for Multiple Exercise.

111 This should be expressed as a Strike Price per Basket. The parties may insert an amount or a formula from which the Strike Price will be determined and the adjustments, if any, that dividend payments would occasion.

Premium: []
 [(Premium per Option [])]

Premium Payment Date: []

Exchange(s): As specified in Annex 1

[Related Exchange(s): As specified in Annex 1]

Clearance System(s): [As specified in Annex 1]¹¹²

Procedure for Exercise:

[Commencement Date: [Trade Date][Premium Payment Date]]¹¹³

[Latest Exercise Time: [] [a.m./p.m.] (local time in)]¹¹⁴

Expiration Time: [] [a.m./p.m.] (local time in)¹¹⁵

Expiration Date: []

Automatic Exercise: [Applicable] [Inapplicable]

Seller's [Agent's]¹¹⁶
 Telephone Number and Telex
 and/or Facsimile Number and
 Contact Details for Purpose
 of Giving Notice: []

Reference Price: [The [bid][offer][mid-market][last quoted][last
 traded] price per Share quoted by the Exchange at the
 Expiration Time on the Expiration Date]¹¹⁷

112 The parties may wish to specify more than one Clearance System where applicable, in which case they will need to specify in the Annex which Shares relate to which Clearance System.

113 Include if American style option.

114 Include if American style option. Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.

115 Specify city in which Seller or, if applicable, Seller's Agent is located for the purpose of receiving notices or, alternatively, specify each city where the relevant Exchanges are located.

116 Include if an agent is designated by Seller for the purpose of receiving notice of exercise.

117 The parties may specify that the Reference Price will be determined by reference to another specified price (e.g., highest bid at 11.00 a.m.) or another stock exchange or quotation system if reference to another specified price is preferred.

Settlement Terms:

Physical Settlement: Applicable¹¹⁸
Failure to Deliver: [Applicable] [Inapplicable]

Adjustments:¹¹⁹

Method of Adjustment: [Options Exchange Adjustment][Calculation Agent Adjustment]¹²⁰

[Options Exchange: []]¹²¹

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

(b) Share-for-Other: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

(c) Share-for-Combined: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

[Options Exchange: []]¹²²

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

118 If settlement cannot or will not be on the basis of delivery versus payment, specify the relevant details. Where the Shares do not settle (or the parties otherwise do not wish to settle the Shares) through a clearance system, the settlement procedures will need to be specified and relevant provisions of Article 6 of the Equity Derivatives Definitions may have to be modified to take into account such settlement procedures.

119 The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).

120 If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.

121 Include if using Options Exchange Adjustment for share adjustments.

122 Include if using Options Exchange Adjustment for extraordinary events.

ANNEX 1

Shares comprised in the Basket

The Basket is composed of the specified Shares of the Issuers listed below in the relative proportions and numbers set out in relation to each Issuer below.

<i>Issuer</i>	<i>[Security Identification Number]</i>	<i>Class</i>	<i>Number of Shares in Basket</i>	<i>Exchange¹²³</i>	<i>Related Exchange(s)¹²⁴</i>	<i>Clearance System(s)</i>

123 Insert the name of the principal exchange(s) or quotation system(s) where each of the Shares comprising the Basket is traded or quoted.
 124 Insert relevant futures and options exchange(s) if applicable.

**Additional Provisions for a Confirmation
of an Index Swap Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Effective Date: []

Termination Date: [] [, subject to adjustment in accordance with the
[] Business Day Convention]

Index: []

Exchange(s): []¹²⁵

[Related Exchange(s): []¹²⁶

Equity Amounts payable by [Party A][Party B]:

Equity Amount Payer: [Party A][Party B]

Equity Notional Amount: []

Equity Notional Reset: [Applicable]

Equity Payment Dates: The [third] Currency Business Day following each Valuation Date.

Type of Return: [Price Return][Total Return]

[Multiplier: []¹²⁷

¹²⁵ Insert the name of the principal exchange(s) or quotation system(s) on which the securities comprised in the Index are traded or quoted.
¹²⁶ Insert relevant futures and options exchange(s) if applicable.
¹²⁷ Delete if not applicable.

Initial Price: []

Final Price: []

[Relevant Price: [The level of the Index]]¹²⁸

Valuation Time: [The close of trading on the Exchange][[] a.m./p.m. (local time) in []]

Valuation Dates: []

[Averaging Dates: [[In relation to each Valuation Date,]]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Futures Price Valuation: [Applicable] [Inapplicable]]

[Exchange-traded Contract: []]¹²⁹

[Dividend Payment Dates: [The Equity Payment Date relating to the Valuation Date on which the relevant Dividend Period ends]]¹³⁰

[Dividend Amount: []]¹³¹

[Re-investment of Dividends: [Applicable][Inapplicable]]¹³²

Floating Amounts payable by [Party A][Party B]:

Floating Amount Payer: [Party A][Party B]

Notional Amount: [The Equity Notional Amount]¹³³

128 Include if a Transaction providing for Averaging Dates.

129 Parties should refer to Section 4.5(b) for the details to be specified in relation to the Exchange-traded Contract. If the Exchange-traded Contract is an options contract, the Official Settlement Price can be derived from any options contract on the Index which is traded on the relevant exchange and settles in the relevant delivery month.

130 Include if Type of Return is Total Return. If Dividend Payment Dates are defined to be Equity Payment Dates the parties may wish to consider whether additional provisions are necessary to allow for the adjustment of Dividend Payment Dates as well as the impact of this specification on the timing of Re-investment of Dividends.

131 Include if Type of Return is Total Return. The Dividend Amount should be an aggregate amount including all relevant dividends. Parties need to consider carefully in each case the appropriate manner for determining the Dividend Amount and define accordingly.

132 Include if Type of Return is Total Return.

133 Parties may wish to consider defining the Notional Amount in relation to the Equity Notional Amount if they want to ensure that any modifications to the Equity Notional Amount are reflected in the Notional Amount.

Payment Dates: [], subject to adjustment in accordance with the [] Business Day Convention [], provided that, if on such date the corresponding Equity Payment Date has not yet occurred, such Payment Date shall be postponed to the date on which the Equity Payment Date occurs and the Floating Amount Payer shall pay the Floating Amount due in relation to the relevant Calculation Period on that postponed Payment Date]¹³⁴
[provided that, if on such date (the "Original Payment Date") the corresponding Equity Payment Date has not yet occurred, (i) the Calculation Period will be deemed to end on (but exclude) the Original Payment Date, (ii) interest will accrue on the Floating Amount from (and including) the Original Payment Date to (but excluding) the Equity Payment Date at [] calculated on the basis of daily compounding and the actual number of days elapsed and (iii) the Floating Amount Payer shall pay the relevant Floating Amount, together with any accrued interest, on the Equity Payment Date].¹³⁵

Floating Rate Option: []

Designated Maturity: []

Spread: []

Floating Rate Day
Count Fraction: []

Reset Dates: []

Business Days: []

134 Include if the parties wish to extend the Floating Amount Payer Calculation Period in these circumstances.

135 Include if the parties wish, as an alternative to extending the Floating Amount Payer Calculation Period, to defer payment of the Floating Amount to the Equity Payment Date and accrue interest during the period of the deferral.

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**Additional Provisions for a Confirmation
of a Share Swap Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []

Effective Date: []

Termination Date: [] [, subject to adjustment in accordance with the
[] Business Day Convention]

Shares: [Insert full title, class and/or par value of the Shares and any
other identification number or reference for the Share] of [insert
full legal name of the issuer of the Shares]

Exchange: []¹³⁶

[Related Exchange(s): []]¹³⁷

Equity Amounts payable by [Party A][Party B]:

Equity Amount Payer: [Party A] [Party B]

Number of Shares: []

Equity Notional Amount: [] [; being on the Trade Date the Number of
Shares multiplied by the Initial Price]

Equity Notional Reset: [Applicable]

Equity Payment Dates: The [third] Currency Business Day following each Valuation
Date.

¹³⁶ Insert the name of the principal exchange or quotation system on which the Shares are traded or quoted.
¹³⁷ Insert relevant futures and options exchange(s) if applicable.

Type of Return: [Price Return][Total Return]

[Multiplier: []]¹³⁸

Initial Price: []

[Final Price: The [bid][offer][mid-market][last quoted][last traded] price per Share]

[Relevant Price: The [bid][offer][mid-market][last quoted][last traded] price per Share quoted by the Exchange]¹³⁹

Valuation Time: [The close of trading on the Exchange][[] a.m./p.m. (local time) in []]

Valuation Dates: []

[Averaging Dates: [[In relation to each Valuation Date,]]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Dividend Payment Dates: [The Equity Payment Date relating to the Valuation Date on which the relevant Dividend Period ends]¹⁴⁰

[Dividend Amount: []]¹⁴¹

[Re-investment of Dividends: [Applicable][Inapplicable]]¹⁴²

Floating Amounts payable by [Party A][Party B]:

Floating Amount Payer: [Party A][Party B]

138 Delete if not applicable

139 Include if a Transaction providing for Averaging Dates.

140 Include if Type of Return is Total Return. If Dividend Payment Dates are defined to be Equity Payment Dates the parties may wish to consider whether additional provisions are necessary to allow for the adjustment of Dividend Payment Dates as well as the impact of this specification on the timing of Re-investment of Dividends.

141 Include if Type of Return is Total Return. The Dividend Amount should be an aggregate amount including all relevant dividends. Parties need to consider carefully in each case the appropriate manner for determining the Dividend Amount and define accordingly.

142 Include if Type of Return is Total Return.

Notional Amount: [The Equity Notional Amount]¹⁴³

Payment Dates: [], subject to adjustment in accordance with the [] Business Day Convention [, provided that, if on such date the corresponding Equity Payment Date has not yet occurred, such Payment Date shall be postponed to the date on which the Equity Payment Date occurs and the Floating Amount Payer shall pay the Floating Amount due in relation to the relevant Calculation Period on that postponed Payment Date]¹⁴⁴ [provided that, if on such date (the "Original Payment Date") the corresponding Equity Payment Date has not yet occurred, (i) the Calculation Period will be deemed to end on (but exclude) the Original Payment Date, (ii) interest will accrue on the Floating Amount from (and including) the Original Payment Date to (but excluding) the Equity Payment Date at [] calculated on the basis of daily compounding and the actual number of days elapsed and (iii) the Floating Amount Payer shall pay the relevant Floating Amount, together with any accrued interest, on the Equity Payment Date].¹⁴⁵

Floating Rate Option: []

Designated Maturity: []

Spread: []

Floating Rate Day Count Fraction: []

Reset Dates: []

Business Days: []

¹⁴³ Parties may wish to consider defining the Notional Amount in relation to the Equity Notional Amount if they want to ensure that any modifications to the Equity Notional Amount are reflected in the Notional Amount.

¹⁴⁴ Include if the parties wish to extend the Floating Amount Payer Calculation Period in these circumstances.

¹⁴⁵ Include if the parties wish, as an alternative to extending the Floating Amount Payer Calculation Period, to defer payment of the Floating Amount to the Equity Payment Date and accrue interest during the period of the deferral

Adjustments:¹⁴⁶

Method of Adjustment: [Options Exchange Adjustment][Calculation Agent Adjustment]¹⁴⁷

[Options Exchange: []]¹⁴⁸

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: [Alternative Obligation] [Cancellation and Payment] [Options Exchange Adjustment]

(b) Share-for-Other: [Alternative Obligation] [Cancellation and Payment] [Options Exchange Adjustment]

(c) Share-for-Combined: [Alternative Obligation][Cancellation and Payment] [Options Exchange Adjustment]

[Options Exchange: []]¹⁴⁹

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

¹⁴⁶ The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).

¹⁴⁷ If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.

¹⁴⁸ Include if using Options Exchange Adjustment for share adjustments.

¹⁴⁹ Include if using Options Exchange Adjustment for extraordinary events.

**Additional Provisions for a Confirmation of
an Index Basket Swap Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []
Effective Date: []
Termination Date: [] [, subject to adjustment in accordance with the
[] Business Day Convention]
Basket: As specified in Annex 1
[Multiplier: []]¹⁵⁰
Exchange(s): As specified in Annex 1
[Related Exchange(s): As specified in Annex 1]

Equity Amounts payable by [Party A][Party B]:

Equity Amount Payer: [Party A] [Party B]
Number of Baskets: []
Equity Notional Amount: []
Equity Notional Reset: [Applicable]
Equity Payment Dates: The [third] Currency Business Day following each Valuation
Date

¹⁵⁰ Include a Multiplier if it is intended that the Cash Settlement Amount will be based on a percentage (e.g., 50% or 200%) of the performance of the Basket or another amount.

Type of Return: [Price Return] [Total Return]

[Multiplier: []]¹⁵¹

Initial Price: []

Final Price: []

[Relevant Price: [The level of the Index]]

Valuation Time: [In relation to each Index, the close of trading on the relevant Exchange][[] a.m./p.m. (local time) in []]

Valuation Dates: []

[Averaging Dates: [[In relation to each Valuation Date,]]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Futures Price Valuation: [Applicable in relation to each of the Indices specified in Annex 1] [Inapplicable]]

[Exchange-traded Contract(s): [As specified in Annex 1]]

[Dividend Payment Dates: [The Equity Payment Date relating to the Valuation Date on which the relevant Dividend Period ends]¹⁵²

[Dividend Amount: []]¹⁵³

[Re-investment of Dividends: [Applicable][Inapplicable]]¹⁵⁴

Floating Amounts payable by [Party A][Party B]:

Floating Amount Payer: [Party A][Party B]

151 Delete if not applicable.

152 Include if Type of Return is Total Return. If Dividend Payment Dates are defined to be Equity Payment Dates the parties may wish to consider whether additional provisions are necessary to allow for the adjustment of Dividend Payment Dates as well as the impact of this specification on the timing of Re-investment of Dividends.

153 Include if Type of Return is Total Return. The Dividend Amount should be an aggregate amount including all relevant dividends. Parties need to consider carefully in each case the appropriate manner for determining the Dividend Amount and define accordingly.

154 Include if Type of Return is Total Return.

Notional Amount: [The Equity Notional Amount]¹⁵⁵

Payment Dates: [], subject to adjustment in accordance with the [] Business Day Convention [, provided that, if on such date the corresponding Equity Payment Date has not yet occurred, such Payment Date shall be postponed to the date on which the Equity Payment Date occurs and the Floating Amount Payer shall pay the Floating Amount due in relation to the relevant Calculation Period on that postponed Payment Date]¹⁵⁶
 [provided that, if on such date (the "Original Payment Date") the corresponding Equity Payment Date has not yet occurred, (i) the Calculation Period will be deemed to end on (but exclude) the Original Payment Date, (ii) interest will accrue on the Floating Amount from (and including) the Original Payment Date to (but excluding) the Equity Payment Date at [] calculated on the basis of daily compounding and the actual number of days elapsed and (iii) the Floating Amount Payer shall pay the relevant Floating Amount, together with any accrued interest, on the Equity Payment Date].¹⁵⁷

Floating Rate Option: []

Designated Maturity: []

Spread: []

Floating Rate Day Count Fraction: []

Reset Dates: []

Business Days: []

155 Parties may wish to consider defining the Notional Amount in relation to the Equity Notional Amount if they want to ensure that any modifications to the Equity Notional Amount are reflected in the Notional Amount.

156 Include if the parties wish to extend the Floating Amount Payer Calculation Period in these circumstances.

157 Include if the parties wish, as an alternative to extending the Floating Amount Payer Calculation Period, to defer payment of the Floating Amount to the Equity Payment Date and accrue interest during the period of the deferral.

ANNEX 1

Indices comprised in the Basket

The Basket is composed of the following Indices in the relative weightings set out in relation to each Index below. [Futures Price Valuation is applicable to each Index for which an Exchange-traded Contract is specified below.]¹⁵⁸

<i>Index</i>	<i>[Sponsor]¹⁵⁹</i>	<i>Exchange¹⁶⁰</i>	<i>Related Exchange(s)¹⁶¹</i>	<i>Weighting</i>	<i>[Exchange-traded Contract]¹⁶²</i>
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	
				[] per cent.	

158 Delete if Futures Price Valuation is not applicable.
 159 This column may be deleted if not necessary for purposes of the clear identification of the Index.
 160 Insert the name of the principal exchange(s) or quotation system(s) where each of the securities comprising each of the Indices is listed.
 161 Insert relevant futures and options exchange(s) if applicable.
 162 Parties should refer to Section 4.5(b) for the details to be specified in relation to each Exchange-traded Contract listed in this Annex 1.

**Additional Provisions for a Confirmation
of a Share Basket Swap Transaction**

[See Exhibit I for the introduction, standard paragraphs and closing for the letter agreement or telex.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date: []
Effective Date: []
Termination Date: [][, subject to adjustment in accordance with the
[] Business Day Convention]
Basket: As specified in Annex 1
Exchanges: As specified in Annex 1
[Related Exchange(s): As specified in Annex 1]

Equity Amounts payable by [Party A][Party B]:

Equity Amount Payer: [Party A][Party B]
Number of Baskets: []
Equity Notional Amount: [][; being on the Trade Date the Number of
Baskets multiplied by the Initial Price]
Equity Notional Reset: [Applicable]
Equity Payment Dates: The [third] Currency Business Day following each Valuation
Date
Type of Return: [Price Return][Total Return]
[Multiplier: []]¹⁶³

¹⁶³ Delete if not applicable

Initial Price: []

[Final Price: []]

[Relevant Price: The [bid][offer][mid-market][last quoted][last traded] price per Share quoted by [the][each] Exchange]

Valuation Time: [In relation to each Share, the close of trading on the relevant Exchange][[] a.m./p.m. (local time) in []]

Valuation Dates: []

[Averaging Dates: [[In relation to each Valuation Date,]]]

[Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]]

[Dividend Payment Dates: [The Equity Payment Date relating to the Valuation Date on which the relevant Dividend Period ends]]¹⁶⁴

[Dividend Amount: []]¹⁶⁵

[Re-investment of Dividends: [Applicable][Inapplicable]]¹⁶⁶

Floating Amounts payable by [Party A][Party B]:

Floating Amount Payer: [Party A][Party B]

Notional Amount: [The Equity Notional Amount]¹⁶⁷

Payment Dates: [], subject to adjustment in accordance with the [] Business Day Convention [, provided that, if on such date the corresponding Equity Payment Date has not yet occurred, such Payment Date shall be postponed to the date on which the Equity Payment Date occurs and the Floating Amount Payer shall

¹⁶⁴ Include if Type of Return is Total Return. If Dividend Payment Dates are defined to be Equity Payment Dates the parties may wish to consider whether additional provisions are necessary to allow for the adjustment of Dividend Payment Dates as well as the impact of this specification on the timing of Re-investment of Dividends.

¹⁶⁵ Include if Type of Return is Total Return. The Dividend Amount should be an aggregate amount including all relevant dividends. Parties need to consider carefully in each case the appropriate manner for determining the Dividend Amount and define accordingly.

¹⁶⁶ Include if Type of Return is Total Return.

¹⁶⁷ Parties may wish to consider defining the Notional Amount in relation to the Equity Notional Amount if they want to ensure that any modifications to the Equity Notional Amount are reflected in the Notional Amount.

pay the Floating Amount due in relation to the relevant Calculation Period on that postponed Payment Date]¹⁶⁸
 [provided that, if on such date (the "Original Payment Date") the corresponding Equity Payment Date has not yet occurred, (i) the Calculation Period will be deemed to end on (but exclude) the Original Payment Date, (ii) interest will accrue on the Floating Amount from (and including) the Original Payment Date to (but excluding) the Equity Payment Date at [] calculated on the basis of daily compounding and the actual number of days elapsed and (iii) the Floating Amount Payer shall pay the relevant Floating Amount, together with any accrued interest, on the Equity Payment Date].¹⁶⁹

Floating Rate Option: []

Designated Maturity: []

Spread: []

Floating Rate Day
 Count Fraction: []

Reset Dates: []

Business Days: []

Adjustments:¹⁷⁰

Method of Adjustment: [Options Exchange Adjustment][Calculation Agent Adjustment]¹⁷¹

[Options Exchange: []]¹⁷²

168 Include if the parties wish to extend the Floating Amount Payer Calculation Period in these circumstances.
 169 Include if the parties wish, as an alternative to extending the Floating Amount Payer Calculation Period, to defer payment of the Floating Amount to the Equity Payment Date and accrue interest during the period of the deferral.
 170 The definition of "Potential Adjustment Event" includes the payment of an extraordinary dividend. The parties may wish to consider relevant corporate law and practice in determining whether a dividend payable in the ordinary course by the Issuer also may be a Potential Adjustment Event (e.g., if not limited to payment out of accumulated profits).
 171 If no Method of Adjustment is specified, "Calculation Agent Adjustment" applies.
 172 Include if using Options Exchange Adjustment for share adjustments.

Extraordinary Events:

Consequences of Merger Events:

- (a) Share-for-Share: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]
- (b) Share-for-Other: [Alternative Obligation] [Cancellation and Payment]
[Options Exchange Adjustment]
- (c) Share-for-Combined: [Alternative Obligation][Cancellation and Payment]
[Options Exchange Adjustment]

[Options Exchange: []]¹⁷³

Nationalization or Insolvency: [Negotiated Close-out][Cancellation and Payment]

¹⁷³ Include if using Options Exchange Adjustment for extraordinary events.

ANNEX 1

Shares comprised in the Basket

The Basket is composed of the specified Shares of the Issuers listed below in the relative proportions and numbers set out in relation to each Issuer below.

<i>Issuer</i>	<i>[Security Identification Number]</i>	<i>Class</i>	<i>Number of Shares in Basket</i>	<i>Exchange¹⁷⁴</i>	<i>Related Exchange(s)¹⁷⁵</i>

174 Insert the name of the principal exchange(s) or quotation system(s) where each of the Shares comprising the Basket is traded or quoted.
 175 Insert relevant futures and options exchange(s) if applicable.

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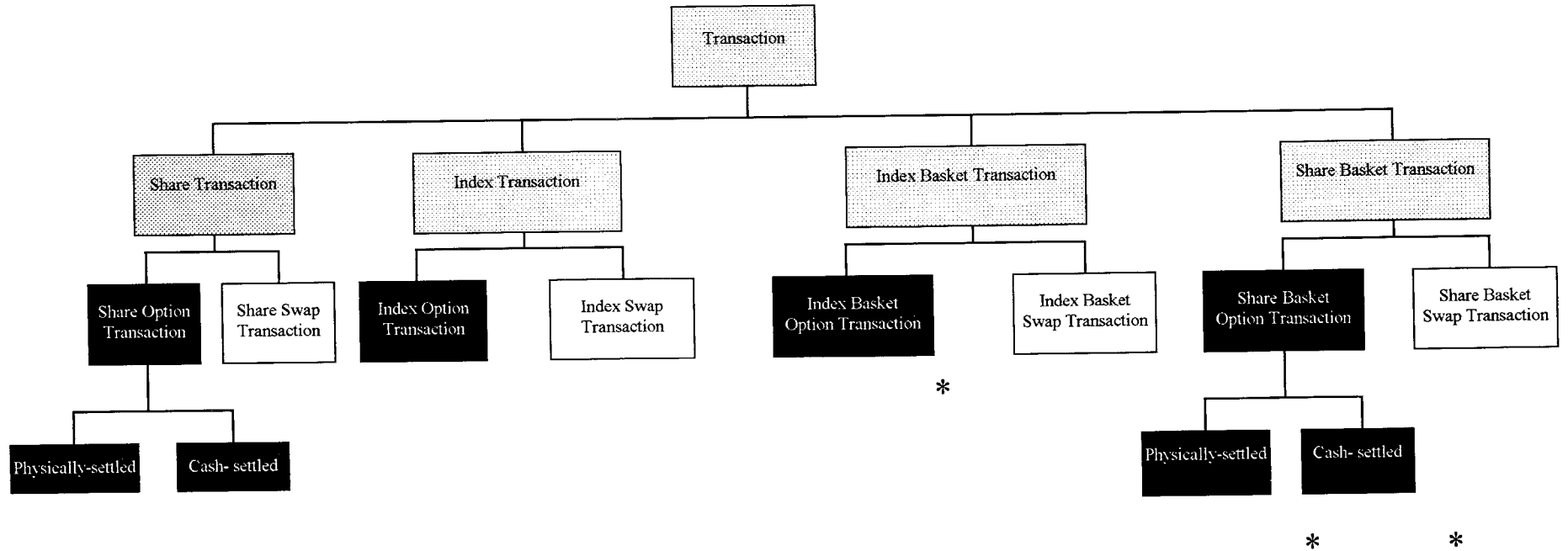
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Product Coverage



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