

XX January 2012

SKANDINAVISKA ENSKILDA BANKEN AB (publ)
Issue of SEK XX Credit-Linked Notes
under the
Global Programme for the Continuous Issuance of Medium Term Notes, Capital Contribution
Securities and Covered Bonds
PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Information Memorandum dated 20th June, 2011 and the Supplement dated 20th July, 2011 and 8 November 2011 which constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Information Memorandum as so supplemented. Full information on the Bank and the offer of the securities is only available on the basis of the combination of these Final Terms and the Information Memorandum as so supplemented. Copies of the Information Memorandum are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

1	Issuer:	Skandinaviska Enskilda Banken AB (publ).
2	(i) Series Number:	187
	(ii) Tranche Number:	1.
3	Specified Currency or Currencies:	Svenska Kronor (“SEK”).
4	Aggregate Nominal Amount:	
	(i) Series:	SEK []
	(ii) Tranche:	SEK []
5	Issue Price of Tranche:	100.00 per cent. of the Aggregate Nominal Amount.
6	(a) Specified Denominations:	SEK 100 000
	(b) Calculation Amount:	Not Applicable
7	(i) Issue Date:	1 march 2012
	(ii) Interest Commencement Date:	Not Applicable
8	Maturity Date:	As set out in Schedule 1 to these Final Terms
9	Interest Basis:	Not Applicable
10	Redemption/Payment Basis:	Index Linked (further particulars specified in Schedule 1 to these Final Terms)
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable.
12	Put/Call Options:	Not Applicable.
13	(i) Type of Note:	MTN.

	(ii)	If Capital Contribution Security conversion applicable:	Not Applicable.
	(iii)	Status of MTN	Unsubordinated.
	(iv)	If Undated Subordinated, conversion applicable:	Not Applicable.
14		Method of distribution:	Non-syndicated.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15		Fixed Rate Provisions:	Not Applicable.
16		Floating Rate Provisions:	Not Applicable.
17		Zero Coupon Note Provisions:	Not Applicable.
18		Index Linked Interest Note Provisions:	Not Applicable.
19		Dual Currency Interest Note Provisions:	Not Applicable.
20		Commodity Linked Interest Provisions:	Not Applicable.
21		Equity Linked Interest Provisions:	Not Applicable.
22		Credit Linked Interest Provisions:	Not Applicable.
23		Fund Linked Interest Provisions:	Not Applicable.

PROVISIONS RELATING TO REDEMPTION

24		Issuer Call:	Not Applicable.
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25		Investor Put:	Not Applicable.
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26		Final Redemption Amount	Each Note shall be redeemed on the Maturity Date (see Schedule 1 for definition) at the amount determined by the Calculation Agent as follows; Specified Denominations x Final Multiplier
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Where;

Final Multiplier is calculated as $(\text{Initial Multiplier} - (\text{Initial Multiplier} / 50 \times N))$ where Initial Multiplier is decided latest on the Issue Date (see clause 3 in Part B for minimum Initial Multiplier) and

N is the number of Credit Events in the Reference Portfolio where the Conditions to Settlement are satisfied during the Observation Period.

27 **Early Redemption Amount(s) of each Instrument payable on redemption for taxation reasons or on event of default and/or the method of Calculating the same (if required or if different from that set out in Condition 5.07):**

The Early Redemption Amount of each Note payable on redemption for tax reasons or following an Event of Default shall be an amount equal to its *pro rata* portion of the market value of the Notes, (which, for the avoidance of doubt, shall be net of any hedging costs) on the date of redemption, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

28 **Early Redemption upon a Tax Event:**

Not Applicable.

29 **Early Redemption upon a Capital Event:**

Not Applicable.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30 **Form of Notes:**

1.01 The Notes shall be issued in uncertificated and dematerialised book –entry form in accordance with the Swedish Financial Instruments Accounts Act (sw. lag 1998:1479) om kontoföring av finansiella instrument), other applicable Swedish legislation and the rules and regulations applicable to, and or issued by Euroclear Sweden AB (the VP System). For this purpose, the Conditions shall be modified as specified in this Condition and to the extent any provision of the Conditions is otherwise inconsistent with the terms of this Condition it shall be deemed to have been modified accordingly.

References in the Conditions to the **Fiscal Agency Agreement** shall, unless the context otherwise requires, be construed as a reference to the agency agreement (if any) between the Bank and SEB acting in its capacity as agent in respect of the Notes (the **VP System Agent**, which expression shall include any successor to SEB in its capacity as such) and references to the **Fiscal Agent** shall, unless the context otherwise requires, be construed as a reference to the VP System Agent.

In addition, all references to the issuance of Notes in bearer or registered form shall, unless the context otherwise requires, be

construed as a reference to the issue of the Notes in uncertificated dematerialised book entry form and references to Coupons and Talons shall not apply to the Notes. Noteholders shall also not have the benefit of the Deed of Covenant.

Title

1.02 Title to the Notes will pass by registration in the registers between the direct or indirect accountholders at the VP System in accordance with the rules and procedures of the VP System. Where a nominee is so evidenced, it shall be treated by the Bank as the Holder of the relevant Note. The Holder of a Note will be the person evidenced as such by a book entry in the records of the VP System. The Notes will not be exchangeable for Bearer Notes or Registered Notes.

Payments

1.03 Payments in respect of the Notes shall be made to the Holders shown in the relevant records of the VP System in accordance with and subject to the rules and regulations from time to time governing the VP System. No commissions or expenses shall be charged to such Holders in respect of any such payments.

Cancellation of Redeemed and Purchased Notes

1.04 All unmatured Notes redeemed or purchased in accordance with Condition 3 shall be deleted from the records of the VP System and cannot be reissued or resold.

1.05 The Bank shall at all times maintain a VP system agent authorised to act as such and as account holding institution with the VP System.

Meeting of Holders and Modifications

1.06 Condition 12 shall not apply to the Notes. Meetings of the Noteholders shall be held in compliance with the relevant regulations of the VP System (if any). The Bank may modify the Notes without the consent of the Holders where the modification is not prejudicial, as determined by the Bank, to the interests of the Noteholders or is of a formal, minor or technical nature or is made

to correct a manifest or proven error. Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 13 (including as modified below) as soon as practicable thereafter.

Notices

1.07 Notices to Noteholders shall be given in accordance with the procedures of the VP System and otherwise in accordance with Condition 13.01.

Governing Law

1.08 The Notes, the VP System Agency Agreement and any non-contractual obligations arising out of or in respect of the Notes and the VP System Agency Agreement are governed by, and shall be construed in accordance with, English law, except with respect to the registration of the Notes in the VP System, which shall be governed by, and shall be construed in accordance with, the law of the jurisdiction of the VP System and as otherwise provided in Condition 16.01.

31	New Global Note:	No.
32	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable.
33	Talons for future Coupons or Receipts to be attached to definitive Bearer Notes (and dates on which such Talons mature):	No.
34	Details relating to Partly Paid Notes: amount of each payment comprising the Issue date on which each payment is to be made and consequences of failure to pay, including any right of the Bank to forfeit the Notes and interest due on late payment:	Not Applicable.
35	Details relating to Instalment Notes:	
	Instalment Amount(s):	Not Applicable.
	Instalment Date(s):	Not Applicable.
36	Redenomination applicable:	Redenomination not applicable.
37	Other final terms:	See Schedule 1.

DISTRIBUTION

- 38 (i) **If syndicated, names of Managers:** Not Applicable.
- (ii) **Date of Subscription Agreement** Not Applicable.
- (iii) **Stabilising Manager (if any):** Not Applicable.
- 39 **If non-syndicated, name of relevant Dealer:** Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden
- 40 **U.S. selling restrictions:** Reg S Category 2.
- 41 **Total Commission and concession :** Not Applicable
- 42 **Non exempt Offer:** An offer of the Notes may be made by Skandiabanken AB (publ) (the “Manager”) in Sweden (the “**Public Offer Jurisdiction**”) during the period from January 2012 to 20 February 2012 (the “**Offer Period**”) See further Paragraph 3 of Part B below.
- 43 **Additional selling restrictions:** Not Applicable.

RESPONSIBILITY

The Bank accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Bank:

By:.....
Duly authorised

PART B – OTHER INFORMATION

1	LISTING AND ADMISSION TO TRADING	Application has been made for the Notes to be admitted to trading on Nasdaq OMX Stockholm AB with effect from March 2012.
2	RATINGS	Not Applicable. The Issue is not rated.
3	TERMS AND CONDITIONS OF THE OFFER	Applicable.
	Offer Price:	100.00 per cent.
	Conditions to which the offer is subject:	<p>The Issuer may decide not to proceed with the issue of the Notes if the total subscription amount does not exceed SEK 20,000,000, or if the Initial Multiplier can not be decided to at least XX or if economic, financial or political events occur that the Issuer considers may jeopardize a successful launch of the Note. Any such decision will be announced on or around Issue Date to purchasers of the Note and by publication on www.seb.se and through a Regulatory Information Service.</p> <p>The Issuer has the right to decide to close the subscription period before the Offer Period ends if, in the opinion of the Issuer, it is necessary.</p> <p>The Issuer shall be entitled to obtain information from the register of Noteholders kept by Euroclear Sweden in respect of the Notes (Sw. skuldbok).</p>
	Description of the application process:	Not Applicable.
	Details of the minimum and/or maximum amount of application:	Minimum amount of application is SEK 100,000 and integral multiples of SEK 100 000 in excess thereof.
	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable.
	Details of the method and time limits for paying up and delivering the Notes:	Investors will be notified by Skandinaviska Enskilda Banken AB (publ) of their allocations of Notes and the settlement arrangements in respect thereof. The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys.
	Manner in and date in which results of the offer are to be made public:	The issue size will be announced on or around 20 February 2012 to purchasers of the Notes and by publication on www.seb.se

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Offers may be made by the Manager in Sweden, to any person. In other EEA countries, offers will only be made by the Managers pursuant to an exemption under the Prospectus Directive as implemented in such countries.

Process for notification to applicants of the amount allotted and an indication of whether dealing may begin before notification is made:

Not Applicable.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

This information applies only to natural persons who are tax residents of Sweden. For other physical persons and for legal persons, other rules apply. Data on taxes are based on the rules that apply today. Tax rules may change over time. Anyone who is unsure of how this investment will be taxed should consult a tax advisor. What tax consequences may be for you depends on your individual circumstances.

The question of how the structure shall be taxed has not yet been tested. According to SEB's assessment should taxation be made as follows. On disposals during the term or at maturity at maturity taxed all value to the card as capital gain or loss. Taxed under the rules on disposal of other assets (ie assets other than securities that are taxed and receivables). This means that a capital should be up to 100%. Any capital loss is deductible at 100% against all types of capital income.

SEB will take a commission of maximum 2.00 % of the Aggregated Nominal Amount and further a structuring fee of approximately 0.5 % to 1.5 % per cent. per annum including but not limited to Euroclear Sweden AB related costs, license costs, hedging costs and any other costs arising or related to the administration of the note.

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Not Applicable

5 REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | |
|---------------------------------|---------------------------------|
| (i) Reasons for the Offer: | See the Information Memorandum. |
| (ii) Estimated net proceeds: | Not Applicable. |
| (iii) Estimated total expenses: | Not Applicable. |

6 **YIELD** (*Fixed Rate Notes only*) Not Determinable.

7 **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Not Applicable.

8 **PERFORMANCE OF UNDERLYING, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes, Dual Currency Notes, Commodity Linked Notes, Equity Linked Notes, Credit Linked Notes and Fund Linked Notes only*)

Each Holder should further note that the Issuer and the Calculation Agent are the same legal entity and that the Calculation Agent may, therefore, be subject to conflicting interests in performing its duties under the Notes.

The Bank does not intend to provide post-issuance information.

The Notes are linked to a Reference Portfolio consistent of 50 companies (each a Reference Entity). Each Credit Event of a company in the Reference Portfolio may reduce the Initial Multiplier and each Holder shall be aware of that they can lose their investment if a Credit Event occurs for each Reference Entity in the Reference Portfolio.

9 **OPERATIONAL INFORMATION**

- (i) Intended to be held in a manner which would allow Eurosystem eligibility: No.
- (ii) ISIN Code: SE0004390474
- (iii) CUSIP: Not Applicable.
- (iv) CINS: Not Applicable.
- (v) Common Code: Not Applicable
- (vi) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, société anonyme and The Depository Trust Company and the relevant identification number(s): The Swedish Central Securities Depository i. e Euroclear Sweden AB
- (vii) Whether Register is held by the Principal Registrar or the Alternative Registrar: A Register will be held in Euroclear Sweden AB
- (viii) Delivery: Delivery free of payment.
- (ix) Names and addresses of additional Paying Agent(s) (if any):
Euroclear Sweden AB
Klarabergsviadukten 63
Box 191
101 23 Stockholm

SCHEDULE 1¹

1. Index Disclaimer

The iTraxx® Europe Crossover Series 16 index (the “**Index**”) referenced herein is the property of Markit Indices Limited (“**Index Sponsor**”) and has been licensed for use in connection with the Credit-Linked Notes of SEK XX issued under Skandinaviska Enskilda Banken AB’s (publ) Global Programme for the Continuous Issuance of Medium Term Notes, Capital Contribution Securities and Covered Bonds (the “**Credit-Linked Notes**”). The owners of the Credit-Linked Notes and Skandinaviska Enskilda Banken AB (publ) acknowledges and agrees that the Credit-Linked Notes is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor make no representation whatsoever, whether express or implied, and hereby expressly disclaim all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaim any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Credit-Linked Notes, the ability of the Index to track relevant markets’ performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling the Credit-Linked Notes, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index. Each party acknowledges that the other party or one of its affiliates may be, or may be affiliated with, an Index Sponsor and, as such, may be able to affect or influence the determination, adjustment or maintenance of the Index. The Index Sponsor and its affiliates may deal in any obligations that compose the Index, and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuers of such obligations or their affiliates, and may act with respect to such business as if the Index did not exist, regardless of whether such action might adversely affect the Index or the Credit-Linked Notes. The Index Sponsor and its affiliates may be in possession of information in relation to components of the Index that may or may not be publicly available or known to any other party, and each party purchasing or selling the Credit-Linked Notes agrees that the Credit-Linked Notes does not create any obligation on the part of the Index Sponsor or its affiliates to disclose any such information.

2. Maturity Date

- (i) The Maturity Date shall be:
 - (a) 7 April 2015 (the “**Scheduled Maturity Date**”); or
 - (b) if the Calculation Agent, acting in good faith and in a commercially reasonable manner, determines that a Credit Event has occurred during the Observation Period, the Calculation

¹ Contents may be subject to amendments.

Agent may notify the Issuer that the Maturity Date may be extended to the date (the "Postponed Maturity Date") that is the second Business Day after the end of the Notice Delivery Period, whereupon the Issuer may promptly notify the Noteholders.

- (ii) Where the Maturity Date is postponed as described in sub-paragraph (i)(b) above:
 - (a) if the Conditions to Settlement are not satisfied prior to the end of the Notice Delivery Period, the Final Redemption Amount due to the Holders shall accrue interest at the overnight deposit rates for SEK (as determined by the Calculation Agent) in respect of the period from and including the Scheduled Maturity Date to but excluding the Postponed Maturity Date and any such amount shall be payable by the Issuer to the Holders on the Postponed Maturity Date; and
 - (b) if the Conditions to Settlement are satisfied prior to the end of the Notice Delivery Period, the provisions of paragraphs 2 and 3 below shall apply.

3. Settlement

- (i) The Issuer shall redeem all Notes by payment of the Settlement Amount on the Maturity Date, subject to and in accordance with the paragraphs below.

4. Calculation Agent

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Final Terms shall (in the absence of manifest error) be final and binding on the Issuer and the Holders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

5. Definitions

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

Bankruptcy means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter or before the Scheduled Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

Best Available Information means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

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

Borrowed Money means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the

payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Stockholm.

Calculation Agent means Skandinaviska Enskilda Banken AB (publ).

Conditions to Settlement means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and a Notice of Publicly Available Information that is effective, in each case during the Notice Delivery Period.

Credit Event means the occurrence, in respect of a Reference Entity, during the Observation Period (as determined by the Issuer or the Calculation Agent in its sole and absolute discretion), based upon Publicly Available Information (from at least two sources) of any one or more of the following events: Bankruptcy, Failure to Pay, or Restructuring.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Credit Event Notice means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred during the Observation Period.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 13.

Default Requirement means USD 10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Downstream Affiliate means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. For the purposes hereof, **Voting Shares** shall mean those shares or other

interests that have the power to elect the board of directors or similar governing body of an entity.

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

Grace Period means:

- (a) subject to (ii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred; and
- (b) if, at the later of the Trade Date and the date as of which such Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that such deemed Grace Period shall expire no later than 20 March 2015.

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

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

Loan means any obligation of a type included in “Borrowed Money” that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

Notice Delivery Period means the period from and including the Trade Date to and including 28 calendar days following the Scheduled Maturity Date.

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event, described in the Credit Event Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

Obligation means, with respect to a Reference Entity, (a) each obligation of such Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or as provider of any Qualifying Guarantee) described by the relevant Obligation Category and (b) each Reference Obligation.

Obligation Category means Borrowed Money.

Obligation Currency means the currency or currencies in which an Obligation Is denominated.

Observation Period means the period from and including 23 February 2012 to and including 20 March 2015.

Payment Requirement means USD 1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

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

Publicly Available Information means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event, described in a Credit Event Notice has occurred and which:
 - (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
 - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
 - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (c) In relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of

such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

- (d) Publicly Available Information need not state:
 - (i) in relation to Downstream Affiliates, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

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

Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

Qualifying Guarantee means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the “**Underlying Obligation**”) for which another party is the obligor (the “**Underlying Obligor**”) and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured (i) as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

Reference Entity means each entity included in the iTraxx® Europe Crossover Series 16 (the **Reference Portfolio**) index from time to time. Any Successor to a Reference Entity shall be a Reference Entity for these purposes.

Reference Portfolio means the portfolio of Reference Entities (together with any Successor) as set out in Schedule 2.

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the

relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

Restructured Bond or Loan means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

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

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

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

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

For purposes of the definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

Notwithstanding anything to the contrary in the definition of Restructuring, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation. **Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

Restructuring Date means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Settlement Amount means an amount calculated by the Calculation Agent equal to the Final Redemption Amount in accordance with clause 26 in Part A of these Final Terms.

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

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

- (a) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
- (b) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
- (c) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and the Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
- (d) if one or more entities each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
- (e) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity

and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and

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

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

Where pursuant to paragraph (c) or (d) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or these Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or these Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with Condition 13, stating the adjustment to the Terms and Conditions and/or these Final Terms and giving brief details of the relevant Succession Event.

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

SCHEDULE 2

Alcatel-Lucent/France

Ardagh Packaging Finance Plc

International Consolidated Air

Cable & Wireless Ltd

Cable & Wireless Worldwide PLC

CIR-Compagnie Industriali Riun

Clariant AG

Codere Finance Luxembourg SA

Continental AG

ConvaTec Healthcare E SA

Dixons Retail PLC

EDP - Energias de Portugal SA

Fiat Industrial SpA

Fiat SpA

Fresenius SE & Co KGaA

Grohe Holding GmbH
Havas SA
HeidelbergCement AG
Hellenic Telecommunications Or
Ineos Group Holdings Ltd
ISS A/S
ITV PLC
Kabel Deutschland Vertrieb und
Ladbrokes PLC
Lafarge SA
M-real OYJ
Melia Hotels International SA
Musketeer GmbH
Nokia OYJ
Norske Skogindustrier ASA
NXP BV / NXP Funding LLC
Ono Finance II PLC
Peugeot SA
Portugal Telecom International
Rallye SA
Renault SA
Scandinavian Airlines System D
Smurfit Kappa Funding PLC
Societe Air France
Stena AB
Stora Enso OYJ
Sunrise Communications Holding
ThyssenKrupp AG
TUI AG

Unitymedia GmbH

UPC Holding BV

UPM-Kymmene OYJ

Virgin Media Finance PLC

Wendel SA

Wind Acquisition Finance SA