

Credit Suisse International

Registered as unlimited in England and Wales under No. 2500199

Base Prospectus for 100 per cent. Principal Protected Notes due 2016

Issue Price: 100 per cent.

FLP 2907

This document constitutes a base prospectus (the "**Base Prospectus**") prepared for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). The Base Prospectus contains information relating to the above notes (the "**Securities**"). The Base Prospectus shall be read in conjunction with the documents incorporated herein by reference (see the section entitled "**Documents Incorporated by Reference**").

This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the purposes of the Prospectus Directive.

The final terms relevant to an issue of Securities will be set out in a final terms document (the "**Final Terms**") which will be provided to investors and filed with the UK Listing Authority.

The Issuer has requested the UK Listing Authority to provide the *Autoriteit Financiële Markten* ("**AFM**") as competent authority in the Netherlands for the purposes of the Prospectus Directive, with a certificate of approval in accordance with Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive.

No application will be made for the Securities to be admitted to trading on any regulated or equivalent market.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus.

Any person (an "**Investor**") intending to acquire or acquiring any Securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("**FSMA**"), the Issuer may only be responsible to the Investor for this Base Prospectus under section 90 of FSMA if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, it should take legal advice. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Base Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.** This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive for the purpose of giving information with regard to the Issuer and the Securities which, according to the particular nature of the Issuer and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the rights attached to the Securities.

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with paragraph 7 on the first page of this Base Prospectus.

The delivery of this document at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The Issuer will not be providing any post issuance information in relation to the Securities.

In connection with the issue and sale of the Securities, no person is authorised to give any information or to make any representation not contained in the Base Prospectus or the relevant Final Terms and neither the Issuer nor the Dealer (as defined below) accepts responsibility for any information or representation so given that is not contained in the Base Prospectus. Neither the Base Prospectus nor any Final Terms may be used for the purposes of an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Securities or the distribution of the Base Prospectus or any Final Terms in any jurisdiction where any such action is required except as specified herein.

The distribution of the Base Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus or any Final Terms comes are required by the Issuer to inform themselves about, and to observe, such restrictions.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set forth below under “Selling Restrictions”.

The Securities are structured securities and can involve a high degree of risk and are intended for sale only to those investors capable of understanding the risk entailed in such instruments. Prospective purchasers of Securities should conduct their own investigations and ensure that they understand the nature of the Securities as an investment in light of their own circumstances and financial condition. If in doubt potential investors are strongly recommended to consult with their financial advisers before making any investment decision.

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SUMMARY

CREDIT SUISSE INTERNATIONAL

FLP 2907

Base Prospectus for 100 per cent. Principal Protected Notes due 2016 Subject to Leveraged Formulaic Dynamic Asset Allocation & Linked to the Paerel Funds – Paerel Alternative Fund Portfolio (the “Securities”)

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Securities should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. No civil liability in respect of this summary will attach to the Issuer in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) have been implemented unless this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in such a Member State, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Description of the Issuer

Credit Suisse International (the “**Issuer**”) is incorporated in England and Wales under the Companies Act 1985, with registered no. 2500199 as an unlimited liability company. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ. The Issuer is an English bank and is authorised and regulated as an EU credit institution by The Financial Services Authority (“**FSA**”) under the Financial Services and Markets Act 2000. The FSA has issued a scope of permission notice authorising the Issuer to carry out specified regulated investment activities.

The Issuer is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of the Issuer in the event of its liquidation. The joint, several and unlimited liability of the shareholders of the Issuer to meet any insufficiency in the assets of the Issuer will only apply upon liquidation of the Issuer. Therefore, prior to any liquidation of the Issuer, holders of the Securities may only have recourse to the assets of the Issuer and not to those of its shareholders. Its shareholders are Credit Suisse Group, Credit Suisse and Credit Suisse (International) Holding AG.

The Issuer commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, equities, foreign exchange, commodities and credit. The primary objective of the Issuer is to provide comprehensive treasury and risk management derivative product services worldwide. The Issuer has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets.

Description of the Securities

The Securities are euro denominated, principal-protected notes linked to a portfolio which provides exposure to the Paerel Funds – Paerel Alternative Fund (the “**Asset**”). The Issue Date and the Maturity Date will be specified in the applicable Final Terms. The return at maturity, in addition to the principal amount, is linked to the performance of the Asset.

The Securities may be redeemed before their maturity due to default by the Issuer, the imposition of UK withholding tax on the Securities, the illegality of the Issuer’s payment obligations or its hedging arrangements, or upon the occurrence of certain specified Asset Termination Events with respect to the Asset.

The Securities are in bearer form and settled through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, Société anonyme (“**Clearstream, Luxembourg**”).

The Securities are unlisted and will not be admitted to trading on any regulated or equivalent market.

The terms and conditions of the Securities are set out in full in the Base Prospectus.

Return at Maturity

On maturity in 2016, investors will receive 100 per cent. of the principal amount (the “**Minimum Redemption Amount**”) plus the Upside Participation:

The “**Upside Participation**” is the greater of (i) zero and (ii) the higher of (a) the value of the Reference Portfolio (“**Reference Portfolio Value**”) at the Final Valuation Date, and (b) the Lock-In Value (as defined below) as at the final Lock-In Date, minus 100 per cent.

The “**Reference Portfolio**” comprises a notional investment in the Asset and the Fixed Income Portfolio (described below) in proportions determined by the Rebalancing Process on each Valuation Day t .

“**Valuation Day t** ” means each Friday, from (and including) 2 January 2009 (the “**Initial Valuation Date**”) to (and including) the last Friday in December 2016 (the “**Final Valuation Date**”) or, if such day is not a Calculation Business Day and an Asset Business Day, the next following Calculation Business Day and Asset Business Day.

Rebalancing Process

Initially, 100 per cent. of the Reference Portfolio’s net assets will be invested in the Asset. Thereafter the allocation to the Asset will depend on the performance of the Reference Portfolio relative to a floor (the “**Bond Floor**”) which is equal to the price of a synthetic discounted EUR deposit with a redemption amount of 100 per cent. of its notional amount payable on the Final Valuation Date, and which is adjusted for the Deflator and for the Lock-In Value.

If the Reference Portfolio consistently performs well relative to the Bond Floor, the allocation to the Asset will increase up to a maximum of 150 per cent. (the “**Maximum Exposure**”) of the Reference Portfolio’s net assets by employing leverage.

If the Reference Portfolio underperforms relative to the Bond Floor, the allocation to the Asset will be deleveraged to a minimum of 10 per cent. (the “**Minimum Exposure**”) of the Reference Portfolio’s net assets, to reduce downside exposure.

Re-balancing of the Reference Portfolio occurs when the actual exposure of the Reference Portfolio to the Asset differs from the Target Exposure level by plus or minus 5 per cent. The proportion of the Reference Portfolio allocated to the Asset will then be re-balanced to the Target Exposure level.

The “**Target Exposure**” on any Valuation Day t is the ‘cushion’ (equal to the Reference Portfolio Value less the Bond Floor, divided by the Reference Portfolio Value) multiplied by the Multiplier (equal to 3), subject to a maximum of the Maximum Exposure and a minimum of the Minimum Exposure.

Deflator

The Bond Floor shall be adjusted on the Initial Valuation Date by applying a ‘Deflator’ percentage value such that as at the Initial Valuation Date a Target Exposure (i.e. exposure to the Asset) of 100 per cent. is achieved. Thereafter, the Deflator shall apply until the last Valuation Day in December 2009 by which date the percentage value of the Deflator shall have increased linearly to reach 100 per cent.

The Bond Floor is also adjusted for the Lock-In Value by multiplying the value of the synthetic discounted deposit as at any date by the Lock-In Value for such date.

Lock-in

The Reference Portfolio Value shall be locked in on the last Valuation Day of each calendar month from (and including) January 2009 to (and including) December 2010 (each a “**Lock-In Date**”) at the “**Lock-In Value**” which is determined as the higher of (i) the Lock-In Value on the preceding Lock-In Date and (ii) the Lock-In Value on the preceding Lock-In Date plus 100 per cent. of the difference between the Reference Portfolio Value and the Lock-In Value on the preceding Lock-In Date; the Lock-In Value for the first Lock-In Date is 100 per cent.

The Asset

The Asset comprises a notional investment in certain shares of the Paerel Funds – Paerel Alternative Fund (the “**Fund**”).

Fixed Income Portfolio

The Fixed Income Portfolio consists of synthetic EUR discounted deposits scheduled to redeem on the Final Valuation Date at 100 per cent. of their notional amount.

Asset Disruption Events

In certain circumstances, there may be events that prevent the Calculation Agent from accurately determining the value of the Securities. As a consequence, the Calculation Agent may suspend some or all calculations, determinations or payments under the Securities until the event ceases to exist or the passing of 180 calendars. During this period, the Calculation Agent may make any calculation, determination and may make any payment using estimates.

Asset Adjustment Events

In certain circumstances, there may be events, that impact the value of the Asset Unit held by an investor who hold the Asset Units as a hedge for the Securities. The Calculation Agent, in these circumstances, may make any adjustment it deems appropriate in a commercially reasonable manner, at any time to take into account an amount, as determined by the Calculation Agent, in compensation for an investor to reflect the risk that it would take in holding any Asset Units or other financial instrument as a hedge for the Securities.

Asset Termination Events

Upon the occurrence of specified events concerning the management, administration, liquidity, valuation and reporting of the Asset including, but not limited to, a winding-up of the Asset, loss of regulatory authorisation, a breach of investment guidelines (including the specified portfolio limits) which is not cured within a specified period, implementation of taxes or other charges and events which affect the liquidity or treatment of the Asset Units, the Issuer may, but is not obliged to, redeem the Securities early at the early redemption amount, which may be less than 100 per cent. of the principal amount of the Securities.

“**Asset Unit**” means one share in the Asset.

Risk Factors

Before deciding to invest in Securities, investors should consult their own financial, tax or other advisers as they consider necessary and carefully review and consider such decision in the light of the risk factors below and in the Base Prospectus and their personal circumstances.

The amount payable at maturity will be dependent upon the performance of the Fund. The amount payable at maturity (but not on early redemption including an early termination) is subject to a minimum of 100 per cent. of the principal amount. The Issuer may for specified tax or legal reasons or following specified termination events with respect to the Fund, redeem the Securities early, whereby the investor will receive the Early Redemption Amount which is not principally protected and could be less than the par value of the Securities.

The level of the Fund may go down as well as up. Furthermore, the level of the Fund at any specific date may not reflect the prior or future performance. There can be no assurance as to the future performance of the Fund or that any return on an investor's initial investment in the Securities will be equal to or exceed the return that such investor might have achieved by placing such investment on deposit.

It is not possible to predict the price at which Securities will trade in the market or whether such market will be liquid or illiquid and the market for Securities may be limited. The only way a holder can realise value from a Security before maturity is to sell it at its then market price in the market, which may be less than the amount initially invested.

The levels and basis of taxation on the Securities and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor's individual circumstances.

An investment in the Securities should be viewed as a long-term investment. Investors who dispose of Securities before the Maturity Date will not necessarily receive the Minimum Redemption Amount, or achieve a return on their investment at a level they desire or at all.

Accordingly, an investment in the Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) can evaluate the merits and risks of such an investment and who have sufficient resources to be able to bear any resulting losses.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents (except the documents incorporated therein by reference) which shall be deemed to be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

1. Registration document dated 10 December 2008 relating to the Issuer that has been approved by the UK Listing Authority (the “**Registration Document**”);
2. The Annual Report for the years ended 31 December 2005, 31 December 2006 and 31 December 2007 and Interim Report for the six months ended 30 June 2008;
3. U.S. Securities and Exchange Commission (“**SEC**”) filings of Credit Suisse Group:
 - (i) Form 20-F Annual Report for the year ended 31 December 2007 available on the website of the U.S. Securities and Exchange Commission (“**SEC**”) (www.sec.gov) and Credit Suisse Group’s website (www.credit-suisse.com) (the “**Annual Report**”);
 - (ii) Form 6-K Quarterly Report for the quarter ended 31 March 2008 available on the website of the SEC (www.sec.gov);
 - (iii) Form 6-K Quarterly Report for the quarter ended 30 June 2008 available on the website of the SEC (www.sec.gov);
 - (iv) Form 6-K Six Months Report for the six months ended 30 June 2008 available on the website of the SEC (www.sec.gov);
 - (v) Form 6-K Post Effective Amendment No.1 dated 13 August 2008 available on the website of the SEC (www.sec.gov);
 - (vi) Form 6-K Quarterly Report for the quarter ended 30 September 2008 available on the website of the SEC (www.sec.gov);
 - (vii) Form 6-K Supplement dated 31 October 2008 to the Quarterly Report for the quarter ended 30 September 2008 available on the website of the SEC (www.sec.gov); and
 - (viii) Form 6-K Supplement dated 4 December 2008 re Media Release: accelerated implementation of strategic plan; substantial reduction of risk and cost base; update on Fourth Quarter 2008 performance available on the website of the SEC (www.sec.gov).
4. Audited Annual Accounts for the years ended 31 December 2006 and 31 December 2007 of Credit Suisse (International) Holding AG, available on Credit Suisse Group’s website (www.credit-suisse.com).

All historical Financial Information incorporated by reference in this section has been audited with the exception of the Credit Suisse Group interim financial information and the Issuer’s Interim Report for the six months ending 30 June 2008 for which no audit is required.

Copies of the documents incorporated herein by reference are available (free of charge) at the registered office of the Issuer.

ISSUE SPECIFIC TERMS

Terms defined in the General Conditions have the same meaning in these Issue Specific Terms unless otherwise defined in the Issue Specific Terms.

In the event of any inconsistency between the Issue Specific Terms and the General Conditions, the Issue Specific Terms will prevail.

RISK FACTORS

The risk factors set out below should be read in addition to the risk factors set out on page 5 of the Registration Document and on pages 375 to 380 of the Annual Report. Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

General

1 Investment Suitability

The Securities are a structured product and may therefore be complex and involve a high degree of risk. They are intended only for investors who understand and are capable of assuming all risks involved. Based on an independent review and such professional advice as it deems appropriate, a prospective investor must determine that its acquisition of the Securities:

- (a) is fully consistent with its or, if it is acting as a fiduciary, with the beneficiary's financial needs, objectives and condition;
- (b) complies and is fully consistent with all investment policies, guidelines and restrictions that are applicable to it or, if it is acting as a fiduciary, to the beneficiary; and
- (c) is a fit, proper and suitable investment for it or, if it is acquiring Securities as a fiduciary, for the beneficiary,

even though there are clear and substantial risks inherent in investing in the Securities. The Issuer makes no representation as to the suitability of this investment product for any particular investor.

2 Compliance with Applicable Laws

The Issuer is not responsible for the lawfulness of the acquisition of Securities by a prospective investor nor for compliance by that prospective investor with any law, regulation or policy applicable to it. A prospective investor may not rely on the Issuer when making determinations in relation to these matters. If a prospective investor is in any doubt as to the action it should take with respect to the Securities, such prospective investor should immediately seek its own financial advice from its stockbroker, bank manager, legal adviser, accountant or other independent financial adviser.

3 No Provision of Advice

The Issuer is not a source of advice, information or credit analysis with respect to the Asset. In particular, the Base Prospectus does not constitute investment advice.

4 Non-Public Information

The Issuer may have or acquire non-public information with respect to the Asset that will not be provided to Securityholders.

5 Relationship of Agency and Trust

None of the Issuer, the Calculation Agent, the Fund manager, the Custodian or the Administrator (as applicable) will assume any obligation to or relationship of agency or trust with Securityholders.

6 Nature of the Asset and the Reference Portfolio

The Asset and the Reference Portfolio consist of notional investments that will appear in the books and records of the Issuer but will not actually exist. Any notional increase or decrease in such notional investments will be made by book-entry amendments to the records of the Issuer.

7 No Interest in the Asset

The Securities are debt obligations of the Issuer, the return on which depends, amongst other things, on the performance of the Asset. An investment in the Securities does not give a Securityholder an interest in the Asset, nor does it give the Securityholder any right to control the actions of the Fund or the Fund manager. In order to offset (whether in whole or in part) its liability under the Securities, the Issuer or a third party may own an interest (directly or indirectly) in the Asset; however, there is no requirement that any such person must maintain such an interest or as to the size of any such interest.

8 No Guarantee as to Performance

The investment return on the Securities (that is, any return on the Securities in excess of the amount initially invested) will depend, inter alia, on the performance of the Asset. The Issuer makes no guarantee or representation of any kind in relation to the performance of the Asset, the value of which may go down as well as up, nor does the Issuer guarantee that the value of the Asset will increase in value over the term of the Securities or that any investment return on the Securities will be at a level desirable to the holder of the Security. Any prospective purchaser should have such knowledge and experience in financial and business matters and expertise in assessing market risk that it is capable of evaluating the merits, risks and suitability of investing in the Securities. The Issuer does not purport to be a source of information on market risks with respect to the Asset.

9 Formula Based Calculations

The notional allocations and deductions to determine the value of the Asset are rule-based and, in the absence of a special event, such as those detailed in Asset Term 3, not at the discretion of the Issuer or any other party.

10 Lack of Correlation

Due to the impact of leverage and fees, and the fact that the return is linked to a formula rather than an actual investment in the Asset, and other factors particular to the Securities, changes in the value of the Securities will not directly correlate to changes in the value of the Asset over the term of the Securities. Investors should note how these factors affect the return of the Securities.

11 Asset Disruption Event and Asset Adjustment Event

Upon the occurrence of an Asset Disruption Event or Asset Adjustment Event, the Calculation Agent may make any adjustment it deems appropriate in a commercially reasonable manner to any Item relating to the Securities to reflect any such Asset Disruption Event or Asset Adjustment Event. The Calculation Agent shall not be liable to any person for losses resulting from (i) any determination that an Asset Disruption Event or Asset Adjustment Event has occurred or has not occurred, (ii) the timing relating to the determination that an Asset Disruption Event or Asset Adjustment Event has occurred or (iii) any adjustments made or not made by the Calculation Agent as a result of such determination that an Asset Disruption Event or Asset Adjustment Event has occurred.

12 Early Redemption

The Securities may, in certain circumstances, be redeemed earlier than the scheduled Maturity Date, including, at the option of the Issuer if an Asset Termination Event occurs or for specified tax or legal reasons as detailed in the General Conditions. If the Issuer redeems the Securities early, the Issuer will, if and to the extent permitted by applicable law, pay each Securityholder the Early Redemption Amount on the date specified in the General Conditions. Such Early Redemption Amount is not protected at the Minimum Redemption Amount and will be calculated in accordance with the Product Terms. The Early Redemption Amount could therefore be less than the Minimum Redemption Amount.

13 Asset Termination Event

Where applicable, the Securities may be redeemed earlier than the scheduled Maturity Date where an Asset Termination Event has occurred. The occurrence of an Asset Termination Event is outside the control of the Issuer and the Issuer does not accept responsibility for any loss caused to a Securityholder as a consequence of the early redemption of the Securities

14 Return

There is no assurance that any return on an investor's initial investment in the Securities will be equal to or exceed the return that such investor might have achieved by placing the principal amount of its investment on deposit.

15 Long-term Investment

An investment in the Securities should be viewed as a long-term investment. There can be no assurance that investors who transfer or assign their interest in the Securities before the scheduled Maturity Date will receive the Minimum Redemption Amount, or that those transferring or assigning their interest before maturity will achieve a return on their investment at a level they desire or at all.

16 Fees on Investments in the Fund

In the case of the Fund, investments may be subject to issue and redemption charges, and to management, administration and incentive or performance fees payable to the Fund.

17 Risk Factors relating to the Fund

The principal risk factors to which the Fund is subject are as follows:

(i) Past Performance

The value of shares or units in the Fund and the income from them may fluctuate significantly. Past performance of the Fund cannot be considered a guarantee of, nor necessarily a guide to, future performance.

(ii) Return

The Fund invests in securities issued and listed in a number of different countries and denominated in a number of different currencies; the value of the Fund may, therefore, be materially affected by exchange rate fluctuations, possible restrictions on the convertibility of the currencies in question and also by political and economic developments in the relevant countries. Debt securities are subject to both actual and perceived measures of the creditworthiness of the issuer of such securities and there can be no assurance of protection against the default by an issuer of its repayment obligations.

(iii) Market Fluctuations

Some of the companies in which the Fund invests may be affected by changes in the market for their products or services. The value of shares may also fall, at times sharply, due to stock market trends, regardless of the strength of the particular issuer. This may lead to volatility in the net asset value of the Fund. Where the Fund invests in unlisted shares and certain other financial assets, additional risks associated with reduced liquidity and lack of objective valuations arise.

(iv) Limited Operating History

The Fund may have limited operating history, with no proven track record in achieving its stated investment objectives.

(v) Investment in Emerging Markets

The Fund may invest in emerging markets. These involve special risks not associated with more established capital markets, for example Western Europe, and include risks attributable to nationalisation, expropriation or confiscatory taxation, currency devaluation, foreign exchange control, political, social or diplomatic instability or governmental restrictions. The capital markets in such countries have substantially less volume of securities, and are generally less liquid and more volatile, than more developed markets. Disclosure and regulatory requirements could be less stringent than in other markets, with a low level of monitoring and limited and uneven enforcement of existing regulations.

(vi) Investment Strategy

The Fund may have investment strategies and guidelines that are very broad. It may also be free to engage in additional or alternative strategies without reference to any other person. In addition, it is not possible to monitor individual investments made by the Fund and it may not be possible to determine whether or not it is adhering to any particular investment strategy or what the principal risks associated with its current activities are.

(vii) Regulation

The Fund may be a wholly unregulated investment vehicle.

(viii) Key Personnel

The Fund may rely on individuals to determine their investment strategies and to make investment decisions. The loss of such individuals could jeopardise the performance of the Asset.

(ix) Use of Derivative Instruments and Leveraging

The Fund may trade in futures, options, forward exchange contracts and other derivative instruments. These may represent significant investment risks and are only suitable for investors who understand the risks involved in trading in sophisticated and volatile markets. The risk associated with them is limited to the Fund using them. In addition, the Fund may acquire leveraged trading positions. As a result, relatively small price movements may result in substantial losses or gains.

(x) Discretion in Management of the Fund

The Fund will operate with broad discretion in order to achieve its investment strategy, in particular in relation to the selection of underlying assets and its strategy categories.

(xi) Fees on Investments of the Fund

The Fund may make investments in underlying assets that may be subject to issue and redemption charges and to management, administration and incentive or performance fees payable by the Fund.

18 Discretion of Calculation Agent in respect of the Securities

The Calculation Agent will in respect of the Securities, in certain circumstances, operate with discretion in order to achieve the calculations and determinations required of it under the Conditions.

Taxation

19 Taxation of Investors

The levels and basis of taxation on the Securities and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor's individual circumstances. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for investors. Investors may be subject to taxation in their own jurisdiction on any income or capital gain that such investor derives, or is deemed to derive, from their investment and, consequently, investors should seek their own tax advice before considering an investment in the Securities.

Market

20 Liquidity

Investors should note that there can be no assurance as to the liquidity of any trading market for the Securities or that an active public market will develop.

21 Exchange Rate Impact

Any returns on, and the value of, the Securities, may be materially affected by exchange rate fluctuations, local exchange control and other restrictions, including restrictions on the convertibility of the Specified Currency of the Securities.

22 Remittance of Income and Gains

Remittance of income and capital gains generated by underlying investments in certain countries may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains.

23 Leverage

The Asset is subject to leverage that varies throughout the life of the trade on a formulaic basis, and prospective investors should note that this means that gains or losses in the value of the Asset may lead to proportionally greater gains or losses in the value of the Reference Portfolio. Any leveraged investment is subject to interest costs on such notional borrowing and, as such, a rise in the interest rates during the investment in the Securities may have an adverse effect on the value of the Securities.

ISSUE SPECIFIC TERMS

Except as set out below, the Securities will be subject to the General Conditions, the Product Terms (set out in Schedule 1 hereto), the Asset Terms (set out in Schedule 2 hereto), the relevant Final Terms and the following terms (the “**Issue Specific Terms**”):

“*Not Applicable*” means an item is not applicable in respect of the Securities. *Italics in the left column denote a brief explanation of the Issue Specific Terms. Words in italics do not form any part of the Issue Specific Terms.*

1	Series Number:	As set out in the relevant Final Terms
2	Tranche Number:	As set out in the relevant Final Terms
3	Specified Currency:	EUR
4	Aggregate Nominal Amount:	
	(i) Series:	As set out in the relevant Final Terms
	(ii) Tranche:	As set out in the relevant Final Terms
5	(i) Issue Price:	As set out in the relevant Final Terms
	(ii) Net Proceeds:	As set out in the relevant Final Terms
6	Specified Denomination:	As set out in the relevant Final Terms
7	Issue Date:	As set out in the relevant Final Terms
8	Initial Valuation Date:	2 January 2009
	<i>(Product Term 9)</i>	
9	Final Valuation Date:	The last Friday in December 2016
	<i>(Product Term 9)</i>	
10	Valuation Day Frequency:	Weekly
	<i>(Product Term 9)</i>	
11	Maturity Date:	The fifth Payment Business Day after the Final Valuation Date
12	Principal Protection Percentage	100 per cent.
	<i>(Product Term 12)</i>	

Provisions relating to Redemption

13	Final Redemption Amount:	An amount payable on the Maturity Date and equal to the Minimum Redemption Amount (as defined in Product Term 9) plus the Upside Participation.
	<i>(Product Term 1(a))</i>	
14	Upside Participation	An amount in the Specified Currency of the Securities equal to the product of the Specified Denomination of a Security and:

$$\text{Participation} \times \text{Max}[\text{Max}(\text{Reference Portfolio}_{\text{Final}}, \text{Lock – In Value}_{\text{Final}}) - \text{Strike}, 0]$$

Where:

“**Lock-In Value**” and “**Lock-In Date**” have the meanings given in Product Term 4(g).

“**Lock-In Value** _{Final}” means the Lock-In Value on the Final Lock-In Date;

“**Participation**” means 100 per cent.;

“**Reference Portfolio Value** _{Final}” has the meaning given in the Product Terms; and

“**Strike**” means 100 per cent.

The Final Redemption Amount shall be subject to any adjustments made in accordance with the Product Terms.

- 15 Settlement Currency: The Specified Currency
(The currency in which the Final Redemption Amount will be paid)

Provisions relating to the Fixed Income Portfolio

- 16 FIP Currency: EUR
(Product Term 3)
- 17 Synthetic CSI Fixed Income Portfolio: Applicable
(Product Term 3)

FIP Maturity Date: Final Valuation Date
(Product Term 3)

Provisions relating to rebalancing of the Reference Portfolio

- 18 Max Exposure: 150 per cent.
(Product Term 4(d))
- 19 Min Exposure: 10 per cent.
(Product Term 4(d))
- 20 Multiplier: 3
(Product Term 4(d))
- 21 Floating Bond Floor: Applicable
(Product Term 4(e))
- (i) Synthetic Obligation Notional Amount: EUR 1
- (ii) Synthetic Coupon Notional Amount: EUR 0
- (iii) Synthetic Obligation Coupon: Not Applicable
- 22 Rebalancing Event:
- (i) Deleverage Band: 5 per cent.
(Product Term 4(b))

(ii)	Leverage Band: (<i>Product Term 4(b)</i>)	5 per cent.
(iii)	Lag: (<i>Product Term 4(c)</i>)	1
23	Asset Weight _{Initial}	100 per cent.
Provisions relating to valuation of the Reference Portfolio		
24	Reference Portfolio Value _{Initial} :	99 per cent.
25	Lock-in Date:	The last Valuation Day of each month from (and including) January 2009 to (and including) December 2010.
26	Leverage: (<i>Product Term 5</i>)	
(i)	Rate Designation:	EURIBOR
(ii)	Rate Determination:	Not Applicable
(iii)	Rate Frequency:	3-months
(iv)	Basis _A :	360
(v)	Basis _B :	360
(vi)	Spread:	0.75 per cent.
27	Portfolio Fee: (<i>Product Term 5</i>)	1.50 per cent.

Provisions relating to Deflator

28	(i) Deflator End Value:	100 per cent.
	(ii) Deflator Start Date:	Initial Valuation Date
	(iii) Deflator End Date:	As set out in the relevant Final Terms

General Provisions

29	Calculation Business Day:	London
30	Payment Business Day:	TARGET Business Days and London
31	Form of Securities:	Bearer Securities
	(i) Temporary or permanent Global Security/Certificate:	Permanent Global Security exchangeable for Definitive Securities in the limited circumstances specified in the permanent Global Security.
	(ii) Applicable TEFRA exemption:	C Rules
32	Additional Financial Centre(s) (General Condition 6(h)) or other special provisions relating to payment dates:	London

33	Stock Exchange(s) to which application will initially be made to list the Securities:	None
34	Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made:	Not Applicable
35	ISIN:	XS0404844697
36	Common Code:	040484469
37	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
38	Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
39	Deer(s):	Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ
40	The Agents appointed in respect of the Securities are:	Fiscal Agent and Paying Agent: The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL

Provisions relating to the Asset

41	Asset: <i>(The description of the Asset as referred to in the Product Terms)</i>	Notional Investment in the Paerel Funds – Paerel Alternative Fund.
42	Asset Unit:	One share in the Paerel Funds – Paerel Alternative Fund.
43	Asset Unit ISIN:	LU0334217709; or such other Asset Unit ISIN selected by the Calculation Agent in its absolute discretion with substantially identical terms, including those for underlying fees, but with a more frequent Asset Liquidity Designation.
44	Asset Liquidity Designation: <i>(Required to determine the appropriate Asset Unit Price as of Valuation Day_t using the method described in Asset Term 4(h))</i>	Weekly or such greater frequency as selected by the Calculation Agent in its absolute discretion.
45	Asset Currency:	EUR
46	Investment Manager: <i>(In reference to the Asset)</i>	As per the Asset Terms

- | | | |
|----|--|------------------------|
| 47 | Administrator:
<i>(In reference to the Asset)</i> | As per the Asset Terms |
| 48 | Custodian:
<i>(In reference to the Asset)</i> | As per the Asset Terms |
| 49 | Additional Service Provider: | Not Applicable |
| 50 | Asset Disruption Period: | 180 calendar days |

Provisions relating to Asset Termination Events

- | | | |
|----|--|---|
| 51 | Asset Termination Events: | The Asset Termination Events in Schedule 5 shall apply. |
| 52 | Asset Termination Notice Period:
<i>(Determines the required notice period by the Issuer where an Asset Termination Event occurs as referred to in the Product Terms)</i> | Not more than 60 nor less than 15 calendar days prior to the date on which Securities will be redeemed due to an Asset Termination Event. |

Investment Guidelines

- | | | |
|----|------------------------|--|
| 53 | Investment Guidelines: | The Asset shall be observed for its adherence to each of the Investment Guidelines set out in Schedule 4. Determinations as to whether the Asset is in breach of any of the Investment Guidelines shall be made by the Calculation Agent in its sole discretion. |
|----|------------------------|--|

SCHEDULE 1

PRODUCT TERMS - SUMMARY

The following is an outline of the provisions of the Securities only and is qualified in its entirety by reference to the more detailed information contained in these Product Terms.

The Asset	The Asset will comprise a notional investment in the Asset specified in the Issue Specific Terms.
The Securities	The Securities offer an investment with principal protection on its Maturity Date to the extent of the Minimum Redemption Amount and a return based on the performance of a Reference Portfolio from the Initial Valuation Date to the Final Valuation Date with the Reference Portfolio being subject to the deduction of fees and leverage interest amounts.
Reference Portfolio	The Reference Portfolio relating to the Securities is a notional (hypothetical) portfolio of assets and liabilities, recorded by the Issuer in its books and records for the purpose of determining the Upside Participation payable in connection with the Securities. The Reference Portfolio is dynamically allocated between (a) the Asset (which may include additional exposure to the Asset gained by way of leverage) and (b) a Fixed Income Portfolio, and such dynamic allocation is conducted and recorded by the Issuer on a formulaic basis.
The Fixed Income Portfolio	A notional investment in synthetic EUR discounted deposits.
Allocation Adjustment	<p>The Issuer will notionally increase or decrease the allocation of the Reference Portfolio to (i) the Asset (and the amount of any leveraged exposure to the Asset) and (ii) the Fixed Income Portfolio, based on movements in the value of the Reference Portfolio relative to a floor level (known as the Bond Floor, and which is adjusted for the Deflator (for each Valuation Date up to and including the Deflator End Date) and for the Lock-In Value) as of the end of each calculation period specified in the Issue Specific Terms.</p> <p>Such rebalancings are made on a formulaic basis by reference to the relationship between the allocation of the Reference Portfolio to the Asset (known as the Asset Weight) and the Target Exposure of the Reference Portfolio to the Asset.</p> <p>The Target Exposure will be determined on a formulaic basis and will depend upon (i) the maximum and minimum permissible values for the Target Exposure, specified in the Issue Specific Terms, (ii) the Bond Floor</p>

and (iii) a multiple of the relative difference between the value of the Reference Portfolio and the Bond Floor used to determine the Target Exposure, as specified in the Issue Specific Terms. The formula for calculating the Target Exposure is set out in the Product Terms.

Where the Asset Weight is greater than the sum of the Target Exposure and the Deleverage Band, the allocation of the Reference Portfolio to the Asset will be reduced so that the Asset Weight equals the Target Exposure.

Where the Asset Weight is less than the Target Exposure minus the Leverage Band, the allocation of the Reference Portfolio to the Asset will be increased so that the Asset Weight equals the Target Exposure.

These allocation adjustments will be effected a number of calculation periods following the period on which the rebalancing becomes necessary, as specified in the Issue Specific Terms.

Leverage

Where the allocation adjustment results in the Asset Weight being greater than 100 per cent., the Reference Portfolio will obtain a leveraged exposure to the Asset through a notional borrowing. Such borrowing will attract borrowing costs that are deducted from the value of the Reference Portfolio.

Fees

From time to time, the value of the Reference Portfolio will be reduced by a notional amount equal to the fees stated as being deductible from it in the Product Terms and the Issue Specific Terms.

Disruption Events

In certain circumstances, there may be disruption events that prevent the Calculation Agent from accurately determining the value of the Reference Portfolio or which mean that there is a suspension of redemptions in respect of assets comprising or underlying the Reference Portfolio or a failure to report its periodic performance. Such events may result in estimates being used to value the Reference Portfolio.

PRODUCT TERMS

*The following are the product terms and conditions of the Securities (the “**Product Terms**”) which, together with the General Conditions, the Asset Terms, the relevant Final Terms and the Issue Specific Terms, will apply to the Securities.*

1 Redemption of Securities

(a) Redemption at Maturity

Notwithstanding General Condition 5(a)(ii), unless previously redeemed, or purchased and cancelled, and subject to Product Terms 1(b), (c) and (d), each Security will be redeemed on the Maturity Date at an amount determined by the Calculation Agent in the Specified Currency of the Securities equal to its Minimum Redemption Amount plus the Upside Participation.

(b) Early Redemption for Taxation or Illegality Reasons

If any of the events specified in paragraphs (i) and (ii) of General Condition 5(c) occur, the Issuer may, having given not more than 30 nor less than 15 days’ notice of such redemption to Securityholders in accordance with General Condition 13, which notice shall be irrevocable, redeem all but not some only of the Securities on the date specified in such notice at an amount per Security equal to the Early Redemption Amount.

(c) Early Redemption for an Event of Default

Where a Security falls due for redemption as a result of an event of default pursuant to General Condition 9, the Early Redemption Amount shall be payable by the Issuer as soon as is possible following its determination.

(d) Early Redemption for an Asset Termination Event

If any Asset Termination Event specified as applicable in the Issue Specific Terms occurs, the Issuer may, having given notice of such redemption during the Asset Termination Notice Period to Securityholders in accordance with the General Conditions, which notice shall be irrevocable, redeem all but not some only of the Securities on the date specified in such notice at an amount per Security equal to the Early Redemption Amount.

(e) Notification of Redemption Amount

The Calculation Agent shall determine the Final Redemption Amount as soon as is possible following receipt of the information necessary to enable it to do so. The Issuer shall procure notification to the Securityholders of the Final Redemption Amount as soon as possible after such determination but in any event no later than the second Calculation Business Day thereafter (save in the case of an early redemption where such notice shall not be required to be given). Such notice shall be given in accordance with the General Conditions.

2 Interest

Not Applicable

3 Fixed Income Portfolio

Synthetic CSi Fixed Income Portfolio

Where “**Synthetic CSi Fixed Income Portfolio**” is specified in the Issue Specific Terms as being applicable, the Fixed Income Portfolio will notionally comprise a notional portfolio of synthetic discounted deposits denominated in the FIP Currency. The Synthetic CSi Fixed Income Portfolio will have the following terms: (i) it will be scheduled to redeem on the FIP Maturity Date at 100 per cent. of its FIP Notional Amount, and (ii) it will have a notional amount (the “**FIP Notional Amount**”) equal to one unit of the FIP Currency.

The value of the Fixed Income Portfolio, subject to this Product Term 3, on any Valuation Day_t (the “**FIP Value_t**”) shall be equal to the aggregate value, in the FIP Currency, of the scheduled payments in respect of the Synthetic CSi Fixed Income Portfolio falling on or after that Valuation Day_t discounted from the day of each respective payment to Valuation Day_t. Such discounting shall be made at the Applicable Rate.

The “**Applicable Rate**” means the zero-coupon interest rate (not including a bid or offer spread) for the period from the date on which the calculation is being made to the date of the cashflow being discounted, which rate shall be calculated from prevailing swap market rates (such rates to be determined by the Calculation Agent at its absolute discretion).

4 Reference Portfolio Composition and Rebalancing

(a) General

The exposure of the Reference Portfolio to the Asset, expressed as a percentage (the “**Asset Weight**” or “**W**”) shall be determined as follows:

(i) Initial Weight

In respect of the Strike Date (the “**Asset Weight_{Initial}**” or “**W_{Initial}**”), as specified in the Issue Specific Terms.

(ii) Thereafter

In accordance with Product Term 4(b).

(b) Rebalancing Event

A “**Reference Portfolio Rebalancing Event**” shall occur if, on any Valuation Day following the Initial Valuation Date (such subsequent date, the “**Reference Portfolio Rebalancing Event Date**”), either of the following two tests is met:

$$\text{Asset Weight}_t > (\text{Target Exposure}_t + \text{Deleverage Band})$$

$$\text{Asset Weight}_t < (\text{Target Exposure}_t - \text{Leverage Band})$$

Where:

“**Asset Weight_t**” means the Asset Weight in respect of Valuation Day_t;

“**Deleverage Band**” means the value specified in Issue Specific Term 22(i); and

“**Leverage Band**” means the value specified in Issue Specific Term 22(ii).

(c) Rebalancing Adjustment

Where Valuation Day_t is not a Reference Portfolio Rebalancing Effective Date, then the Asset Weight for Valuation Day_t shall be equal to the Asset Weight as of Valuation Day_{t-1}. Following the occurrence of a Reference Portfolio Rebalancing Event in respect of the relevant Reference Portfolio Rebalancing Event Date, the allocation of notional investments of the Reference Portfolio to the Asset will be adjusted on the Reference Portfolio Rebalancing Effective Date so that the Asset Weight on the Reference Portfolio Rebalancing Effective Date shall be equal to the Target Exposure as of the relevant Reference Portfolio Rebalancing Event Date (subject to rounding).

For the purposes of this Product Term 4(b) “**Reference Portfolio Rebalancing Effective Date**” means the number of Valuation Days following the Reference Portfolio Rebalancing Event Date, equal to the Lag as specified in the Issue Specific Terms.

(d) **Target Exposure**

The target exposure of the Reference Portfolio to the Asset for Valuation Day_t is the “**Target Exposure_t**”, as determined by the following formula:

$$\text{Min} \left[\text{Max Exposure}, \text{Max} \left[\text{Min Exposure}, \left(\frac{\text{Reference Portfolio Value}_t - \text{Deflator}_t \times \text{Lock-in Value}_t \times \text{Bond Floor}_t}{\text{Reference Portfolio Value}_t} \right) \times \text{Multiplier} \right] \right]$$

Where:

“**Bond Floor_t**” means the value of the Bond Floor in respect of the relevant Valuation Day_t.

“**Deflator_t**” means the value of the Deflator in respect of the relevant Valuation Day_t as further described below.

“**Lock-in Value_t**” means the Lock-in Value on the relevant Valuation Day_t.

“**Max Exposure**” means the value specified as such in the Issue Specific Terms.

“**Min Exposure**” means the value specified as such in the Issue Specific Terms.

“**Multiplier**” means the value specified as such in the Issue Specific Terms.

“**Reference Portfolio Value_t**” means the Reference Portfolio Value (determined in accordance with Product Term 4 in respect of the relevant Valuation Day_t).

(e) **Bond Floor**

In respect of Valuation Day_t, “**Bond Floor_t**” will be an amount in the Specified Currency equal to the aggregate value of the scheduled payments in respect of the Synthetic Obligation falling on or after the relevant Valuation Day_t discounted from the day of each respective payment to Valuation Day_t, such discounting being made at the Applicable Rate.

Where:

“**Synthetic Obligation**” means a notional synthetic discounted deposit denominated in the Specified Currency with the following terms: (1) it will be scheduled to redeem on the FIP Maturity Date at 100 per cent. of its Synthetic Obligation Notional Amount (as specified in the Issue Specific Terms), (2) it will bear interest which shall accrue on the Synthetic Coupon Notional Amount (as defined in the Issue Specific Terms) at the Synthetic Obligation Coupon Rate (also specified in the Issue Specific Terms) on an Actual/360 basis and will be notionally

paid in arrear on each Synthetic Obligation Coupon Payment Date (each a “**Synthetic Obligation Coupon**”).

(f) **Deflator**

In respect of a Valuation Day_t, “Deflator_t” will be a value determined in accordance with the following:

$$\text{Deflator}_t = \text{Deflator Start Value} + (\text{Deflator End Value} - \text{Deflator Start Value}) \times \text{Min} \left(1, \frac{\text{ND}_t}{\text{ND}_{\text{Total}}} \right)$$

Where:

“**Deflator Start Value**” means:

$$\frac{1}{\text{BondFloor}_i} \times \left(\text{ReferencePortfolioValue}_{\text{Initial}} - \frac{W_0 \times \text{ReferencePortfolioValue}_{\text{Initial}}}{\text{Multiplier}} \right)$$

“**Bond Floor_(i)**” means the Bond Floor on the Initial Valuation Date.

“**Deflator End Value**” means 100 per cent.

“**Deflator End Date**” means the last Valuation Day in December 2009.

“**Deflator Start Date**” means the Initial Valuation Date.

“**ND_t**” means the number of calendar days from (but excluding) the Deflator Start Date to (and including) Valuation Day_t;

“**ND_{total}**” means the number of calendar days from (but excluding) the Deflator Start Date to (and including) the Deflator End Date;

“**Reference Portfolio Value_{Initial}**” means the Reference Portfolio Value on the Initial Valuation Date and is set to 99 per cent; and

“**W₀**” means 100 per cent.

(g) **Lock-In**

On each Lock-In Date, the “**Lock-In Value**” will be a value determined as follows:

“**Lock-In Value_(t)**” means a percentage amount determined in respect of each Valuation Date_(t) and is equal to:

(i) 100 per cent. where Valuation Date_(t) is the Initial Valuation Date; or

(ii) Lock-In Value_(t-1) where Valuation Day_(t) is not a Lock-In Date_(t); or.

(iii) An amount determined in accordance with the following formula where Valuation Day_(t) is a Lock-In Date_(t):

$$\text{Lock - in Value}_{(t)} = \text{Lock - in Value}_{(t-1)} + \text{Max} \left[0, \text{Part} \times \left(\text{Reference Portfolio Value}_{(t)} - \text{Lock - In Value}_{(t-1)} \right) \right]$$

Where:

“**Lock-In Value**_(t-1)” means the Lock-In Value in respect of the Lock-In Date immediately preceding “t”.

“**Lock-In Date**” means the last Valuation Day of each calendar month from (and including) January 2009 to (and including) December 2010.

“**Part**” means 100 per cent.

“**Reference Portfolio Value**_(t)” means the value of the Reference Portfolio on Lock-In Date_(t).

5 Reference Portfolio Valuation

The value of the Reference Portfolio (the “**Reference Portfolio Value**”) in respect of any Valuation Day_t (the “**Reference Portfolio Value**_t”) where “t” is the Initial Valuation Date, will be 99 per cent., and will thereafter be determined as follows:

- (i) where the Asset Weight in respect of Valuation Day_{t-1} is greater than 100 per cent., then the Reference Portfolio Value_t will be determined in accordance with the following formula

$$\text{Reference Portfolio Value}_{t-1} \times \left(1 - \left(\text{Portfolio Fee}_t \times \frac{N_t}{\text{Basis}_A} \right) \right) \times \left[\left(W_{t-1} \times \frac{\text{Asset Value}_t}{\text{Asset Value}_{t-1}} \right) + (1 - W_{t-1}) \times \left(1 + (\text{Rate}_{t-1} + \text{Spread}) \times \frac{N_t}{\text{Basis}_B} \right) \right]$$

- (ii) where the Asset Weight in respect of Valuation Day_{t-1} is equal to or less than 100 per cent., then the Reference Portfolio Value_t will be determined in accordance with the following formula:

$$\text{Reference Portfolio Value}_{t-1} \times \left(1 - \left(\text{Portfolio Fee}_t \times \frac{N_t}{\text{Basis}_A} \right) \right) \times \left[\left(W_{t-1} \times \frac{\text{Asset Value}_t}{\text{Asset Value}_{t-1}} \right) + \left((1 - W_{t-1}) \times \frac{\text{FIP Price}_t}{\text{FIP Price}_{t-1}} \right) \right]$$

Where:

“**Asset Value**_t” means the Asset Value in respect of Valuation Day_t.

“**Basis**_A” means the value specified as such in the Issue Specific Terms.

“**Basis**_B” means the value specified as such in the Issue Specific Terms.

“**FIP Price**_t” means the FIP Value_t (as defined in Product Term 3) in respect of Valuation Day_t, subject to adjustment in accordance with Product Terms 4, 7 and 8 where applicable.

“**FIP Price**_{t-1}” means the FIP Value_t (as defined in Product Term 3) in respect of the Valuation Day_{t-1}, subject to adjustment in accordance with Product Terms 4, 7 and 8 where applicable.

“**Rate**_{t-1}” means the Rate Designation for the Rate Frequency, which appears on Reuters Page EURIBOR01 on Valuation Date_{t-1}. If on any date on which the rate of interest is to be determined the rate does not appear on that screen, the Calculation Agent may use such other source for such rate as it sees fit or may, acting reasonably, determine such rate from prevailing interest rates.

“**N**_t” means the number of calendar days from (but excluding) Valuation Day_{t-1} to (and including) Valuation Day_t.

“**Portfolio Fee**_t” means, in respect of Valuation Day_t, the value as specified in the Issue Specific Terms (if any).

“**Reference Portfolio Value**_(t-1)” means the Reference Portfolio Value as of the Valuation Day immediately preceding Valuation Day_t.

“**Spread**” means the value as specified in the Issue Specific Terms.

“**W**_{t-1}” means the Asset Weight in respect of Valuation Day_{t-1} (determined according to Product Term 4(b), after any rebalancing adjustment effective on that day).

6 Modification of Conditions

The Issuer may modify the General Conditions without the consent of Securityholders for the purposes of curing any ambiguity or correcting or supplementing any provision contained in them in any manner which the Issuer may deem necessary or desirable provided that such modification is not, in the determination of the Issuer, materially prejudicial to the interests of the Securityholders. Notice of such modification will be given to Securityholders in accordance with General Condition 13.

7 Calculation and Determination of the Early Redemption Price

To the extent permitted by applicable law and regulations, the Calculation Agent shall have no responsibility for good faith errors or omissions (except for manifest error or omission) in its calculations and determinations in respect of the determination of the Early Redemption Price. The calculations and determinations of the Calculation Agent shall be made in accordance with the terms and conditions of the Securities, in good faith and in a commercially reasonable manner having regard in each case to the terms and conditions of the Securities and (where relevant) on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding.

In addition, the Early Redemption Price:

- will be determined by the Calculation Agent based upon or by reference to sources, materials and systems that the Calculation Agent reasonably believes to be complete, reliable and accurate; however, the Calculation Agent does not guarantee such completeness, reliability or accuracy; and
- will be determined in respect of the Early Redemption Date and, consequently, will not reflect subsequent changes in market values or prices or any other factors relevant to its determination.

The Calculation Agent does not warrant that the Early Redemption Price is or will be representative of the price that may be provided by other dealers. Not all dealers determine prices in the same manner and, generally, prices, like actual “dealing prices”, will vary from dealer to dealer. Sometimes this variance may be substantial.

8 Substitution

The Issuer, or any previous substituted company, may at any time, without the consent of the Securityholders, substitute for itself as principal debtor under the Securities an affiliate of the Issuer having an equal or higher long-term unsecured debt rating than that of the Issuer given by Moody’s Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another affiliate of the Issuer with such a debt rating (the “**Substitute**”), provided that no payment in respect of the Securities is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”) and may

take place only if (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect, (ii) either the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, or a similar arrangement with equivalent effect shall have been entered into and (iii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Securityholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which might reasonably be regarded as material to Securityholders, will be available for inspection at the specified office of each of the Paying Agents.

9 Additional Definitions

For the purposes of these Product Terms the following terms shall have the following meanings:

"Asset" means the relevant asset related to the Securities as further described in the Asset Terms.

"Asset Adjustment Event" means any event specified as such in the Asset Terms.

"Asset Disruption Event" means any event and such consequences regarding market disruption described in the Asset Terms.

"Asset Termination Event" means the events set out in Schedule 5.

"Asset Termination Notice Period" means the period specified as such in the "Provisions relating to the Asset" section of the Issue Specific Terms.

"Asset Value" has the meaning given to it in the Asset Terms.

"Asset Value_t" means the Asset Value in respect of Valuation Day _t.

"Asset Weight" means the weight attributable to the Asset in the Reference Portfolio and as further described in Product Term 4(b).

"Asset Weight_{Initial}" means the value specified as such in the Issue Specific Terms.

"Asset Weight_t" means the Asset Weight in respect of Valuation Day _t.

"Basis_A" means the value specified as such in Issue Specific Term 26(iv).

"Basis_B" means the value specified as such in Issue Specific Term 26(v).

"Bond Floor" has the meaning given to it in Product Term 4(e).

"Bond Floor_t" means the value of Bond Floor in respect of the relevant Valuation Day _t.

"Calculation Agent" is the entity specified in Issue Specific Term 38.

"Calculation Business Day" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the city, cities and/or settlement system specified in the Issue Specific Terms.

"Deed Poll" has the meaning given in Product Term 5.

"Deflator End Date" has the meaning given in Product Term 4(f).

"Deflator End Value" has the meaning given in Product Term 4(f).

"Deflator Start Date" has the meaning given in Product Term 4(f).

“**Deflator Start Value**” has the meaning given in Product Term 4(f).

“**Deleverage Band**” means the value specified in Issue Specific Term 22(i).

“**Early Redemption Amount**” means the Early Redemption Price in respect of each Security.

“**Early Redemption Price**” means an amount in the Specified Currency determined by the Calculation Agent in a commercially reasonable manner as of the Early Redemption Date, and equal to the prevailing price which the Issuer would quote to a market participant per Security. The calculation of the Early Redemption Price is to be determined in a commercially reasonable manner and is to be based on, *inter alia*, an estimated value of the Reference Portfolio Value as at the relevant Early Redemption Date (where in respect of the allocation of the Reference Portfolio to the Asset, such value shall be calculated by reference to either (a) the most recent valuations or (b) the then most current data available), the historical performance of the Asset, the level of implied volatility, the remaining time until the Maturity Date, any amounts calculated or paid in relation to coupons, fees or leverage (as may be applicable to the Notes) and the relevant prevailing interest rates and exchange rates. Notwithstanding anything contained elsewhere in the Conditions, the Calculation Agent shall take into account any Asset Disruption Event that affects any determination in this definition in such manner as it sees fit.

“**Early Redemption Date**” means the due date for any early redemption of the Securities pursuant to the Conditions.

“**Final Redemption Amount**” means the amount specified as being payable on the Maturity Date in respect of a Security equal to the Minimum Redemption Amount plus the Upside Participation, save that in all cases the determination of Final Redemption Amount shall be subject to the provisions of, and determinations made in consequence of, an Asset Adjustment Event.

“**Final Valuation Date**” means the day specified as such in Issue Specific Term 9.

“**FIP Currency**” means the currency specified as such in Issue Specific Term 16.

“**FIP Maturity Date**” means the day specified as such in Issue Specific Term 17.

“**FIP Value**_t” has the meaning given in Product Term 3.

“**FIP Notional Amount**” has the meaning given in Product Term 3.

“**FIP Price**_t” and “**FIP Price**_{t-1}” each have the meanings given in Product Term 5.

“**Fiscal Agent**” is the entity specified in Issue Specific Term 40.

“**Initial Valuation Date**” means the day specified as such in Issue Specific Term 8.

“**Lag**” has the meaning given in Issue Specific Term 22(ii).

“**Leverage Band**” means the value specified in Issue Specific Term 22(ii).

“**Lock-in Date**” has the meaning given in Product Term 4(g).

“**Lock-in Value**” has the meaning given in Product Term 4(g).

“**Lock-in Value**_(t)” has the meaning given in Product Term 4(g).

“**Lock-in Value**_(t-1)” has the meaning given in Product Term 4(g).

“**Max Exposure**” means the value specified as such in Issue Specific Term 18.

“**Maturity Date**” has the meaning given in Issue Specific Term 11.

“**Min Exposure**” means the value specified as such in Issue Specific Term 19.

“**Minimum Redemption Amount**” means, in respect of a Security, the product of (a) the Specified Denomination and (b) the Principal Protection Percentage.

“**Multiplier**” means the value specified as such in Issue Specific Term 20.

“**N_t**” means the number of calendar days from (but excluding) Valuation Day_{t-1} to (and including) Valuation Day_t.

“**ND_t**” has the meaning given in Product Term 4(f).

“**ND_{Total}**” has the meaning given in Product Term 4(f).

“**Payment Business Day**” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the city, cities and/or settlement system specified in Issue Specific Term 30.

“**Portfolio Fee_t**” means a fee as specified in Issue Specific Term 27.

“**Principal Protection Percentage**” means 100 per cent.

“**Rate Designation**” means the rate specified in Issue Specific Term 26(iii).

“**Rate Frequency**” means the frequency specified in Issue Specific Term 26(i).

“**Redemption Amount**” means the Final Redemption Amount or the Early Redemption Amount, as the case may be.

“**Reference Portfolio**” means a notional (hypothetical) portfolio of assets and liabilities, recorded by the Issuer in its books and records for the purpose of determining the Upside Participation (if applicable) payable in connection with the Securities and is subject to dynamic allocation to the Asset.

“**Reference Portfolio Adjustment Event**” means an Asset Adjustment Event.

“**Reference Portfolio Disruption Event**” means an Asset Disruption Event.

“**Reference Portfolio Rebalancing Effective Date**” has the meaning given in Product Term 4(c).

“**Reference Portfolio Rebalancing Event**” has the meaning given in Product Term 4(b).

“**Reference Portfolio Rebalancing Event Date**” has the meaning given in Product Term 4(b).

“**Reference Portfolio Value**” has the meaning given in Product Term 5.

“**Reference Portfolio Value_{Final}**” means the Reference Portfolio Value_t for the Final Valuation Date, subject to a Reference Portfolio Disruption Event.

“**Reference Portfolio Value_{Initial}**” means the Reference Portfolio Value_t in respect of the Initial Valuation Date, as specified in Issue Specific Term 24.

“**Reference Portfolio Value_t**” means the Reference Portfolio Value_t in respect of the relevant Valuation Day_t.

“**Reference Portfolio Value_{t-1}**” means the Reference Portfolio Value_{t-1} in respect of Valuation Day_{t-1}.

“**Securityholders**” has the meaning given in General Condition 1.

“**Specified Currency**” means the currency specified as such in Issue Specific Term 3.

“**Specified Denomination**” means the value set out in the Final Terms.

“**Spread**” means the value as specified in Issue Specific Term 26(vi).

“**Synthetic Coupon Notional Amount**” means the amount specified as such in the Issue Specific Terms.

“**Synthetic Coupon Payment Date**” means each Valuation Day.

“**Target Exposure**” has the meaning given in Product Term 4(d).

“**Target Exposure** t ” means the Target Exposure in respect of Valuation Day t .

“**Upside Participation**” means an amount specified in the Issue Specific Terms provided that any determination or calculation in respect of the Upside Participation is subject to a Reference Portfolio Disruption Event.

“**Valuation Day(s)**” means any Valuation Day t .

“**Valuation Day** t ” means each Friday from (and including) the Initial Valuation Date to (and including) the Final Valuation Date or, if such day is not a Calculation Business Day and an Asset Business Day, the next following Calculation Business Day and Asset Business Day.

“**Valuation Day** $t-1$ ” means a Valuation Day falling immediately prior to the Valuation Day t for which a calculation or determination is being made.

“**Valuation Day Frequency**” means the frequency specified in Issue Specific Term 10.

“**W** $t-1$ ” means the Asset Weight in respect of Valuation Day $t-1$ (determined according to Product Term 4; after any rebalancing adjustment effective on that day).

SCHEDULE 2

ASSET TERMS - SUMMARY

The following is an outline of the provisions of the Asset Terms only and is qualified in its entirety by reference to the more detailed information contained in these Asset Terms.

Asset Terms	The purpose of these Asset Terms (“ Asset Terms ”) is to define terms including Asset, Asset Value, Asset Termination Event and Asset Disruption Event as supplemental asset-related definitions and mechanics to the product described in the Product Terms.
Asset	The Asset will comprise a notional investment in the Fund specified in the Issue Specific Terms. The Asset has such weight specified in the Issue Specific Terms as at the Initial Valuation Date and is subject to Asset Disruption Events and Asset Adjustment Events.
The Securities	The Securities offer an investment linked to the performance of the Asset over the term of the Securities, subject to certain deductions if any are specified as applicable in the Issue Specific Terms and to any Asset Termination Event.
Disruption Events	In certain circumstances, there may be disruption events that prevent the Calculation Agent from accurately determining the value of the Asset Units or which mean that there is a suspension of redemptions in respect of the Asset Units or a failure to report its periodic performance. Such events may result in estimates being used to value the Asset Units.
Asset Disruption Events and Asset Adjustment Events	Upon the occurrence of an Asset Disruption Event or Asset Adjustment Event, the Issuer may make any adjustment which it deems appropriate to any Calculation Item to reflect any such Asset Disruption Event or Asset Adjustment Event.
Asset Termination Events	Upon the occurrence of certain events specified in the Issue Specific Terms concerning amongst other things, the management, administration, liquidity, valuation and reporting of the Asset, the Issuer, may redeem the Securities.

ASSET TERMS

The following are the asset terms and conditions of the Securities. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the Product Terms and/or Issue Specific Terms.

1 Asset

The “**Asset**” is a notional investment in the Paerel Funds – Paerel Alternative Fund (the “**Fund**”).

2 Asset Value

In respect of Valuation Day t for which it is required to be determined, the “**Asset Value**” will be the Asset Unit Price t .

3 Asset Disruption Events

Where the Calculation Agent determines that an Asset Disruption Event has occurred in respect of a Valuation Day (the “**Disrupted Valuation Day**”), the Calculation Agent may elect to suspend some or all of the calculations, determinations or any payments arising therefrom made as from the Disrupted Valuation Day and such Disrupted Valuation Day shall be postponed, until the earlier of (a) the day in respect of which an Asset Disruption Event ceases to exist, or (b) the day coinciding with the expiration of the Asset Disruption Period (such Valuation Day being the “**Postponed Valuation Day**”).

The Calculation Agent may make any calculation, determination in respect of the Securities and make any payment (in cash or other consideration), as of the Postponed Valuation Day or at any time prior to such day, using estimates of any Item in a commercially reasonable manner provided that such calculations and determinations shall be adjusted take into account, as determined by the Issuer, compensation for a Hypothetical Investor to reflect the risk that it would take in holding any Asset Units or other financial instrument as a hedge for the Securities but which it is unable to redeem or liquidate into cash in full and without any restriction imposed whatsoever as of, or at any time after, the Disrupted Valuation Day. In addition to the above, the Calculation Agent may also declare an Asset Termination Event as of the expiration of the Asset Disruption Period where the Asset Disruption Event has not otherwise ceased.

Where the Postponed Valuation Day falls or, in the determination of the Calculation Agent, is expected to fall, after any interim payment date and/or the Maturity Date then the respective interim payment date and/or Maturity Date shall be postponed until the third Payment Business Day after which the Hypothetical Investor would receive in full the proceeds in cash in respect of the redemption of the Asset that it would hold as a hedge for the Securities unless the Calculation Agent determined that an amount can be paid earlier by the Issuer.

4 Asset Adjustment Events

Where, in the determination of the Calculation Agent, an Asset Adjustment Event occurs, the Calculation Agent may make any adjustment it deems appropriate in a commercially reasonable manner, to any Item at any time to take into account an amount, as determined by the Calculation Agent, in compensation for a Hypothetical Investor to reflect the risk that it would take in holding any Asset Units or other financial instrument as a hedge for the Securities.

5 Calculations and Determinations

(a) **General**

Unless otherwise specified, the Calculation Agent shall make all calculations and determinations in respect of the Conditions. The Calculation Agent shall have no responsibility for good faith errors or omissions in its calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Calculation Agent shall be made by it in accordance with the Conditions, acting in its sole, absolute and unfettered discretion, but in good faith (having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination). All calculations and determinations shall, in the absence of manifest error, be final, conclusive and binding on Securityholders. For the avoidance of doubt, any calculations or determinations made by the Calculation Agent under the Conditions on an estimated basis shall not be revised following the making of such calculation or determination.

(b) **Rounding**

Any calculations made under the Conditions shall be made by the Calculation Agent applying rounding, in the relevant currency, as it determines appropriate in its sole and absolute discretion.

(c) **Construction**

For the avoidance of doubt, as used in the Conditions, (a) in relation to a term of any formula, “ t ” means the value of that term for the relevant day or period, as the case may be, and, in relation to other terms in that formula: (i) references to “ t ” shall be to the value of that term at the same day or period, respectively; and (ii) references to “ t ” plus or minus a specified number (i.e. “ $t+1$ ”, “ $t+2$ ”, or “ $t-1$ ”) shall be to the value of that term for the day or period, as the case may be, falling that specified number of days or periods, respectively, after or before, as the case may be, the day or period to which “ t ” relates, (b) in relation to any day or period, as the case may be, “ t ” means the relevant day or period, respectively and, in respect of that day or period, references to “ t ” plus or minus a specified number (i.e. “ $t+1$ ”, “ $t+2$ ”, or “ $t+3$ ”) shall be to the day or period falling that specified number of days or periods, respectively, after or before, as the case may be, the day or period to which “ t ” relates, (c) in relation to a term of any formula “ 0 ” means the value of that term for the initial specified day or period, as the case may be, and, in relation to any day or period, as the case may be, means the initial specified day or period, respectively, and (d) in relation to a term of any formula “ 1 ” means the value of that term for the day or period, as the case may be, immediately following the initial specified day or period, respectively, and, in relation to any day or period, as the case may be, means the day or period, respectively, immediately following the initial specified day or period.

(d) **Methodology**

In making any calculations or determinations, the Calculation Agent will use the formulae set out in the Conditions. However, the Calculation Agent may, in its absolute discretion, modify such methodology for the purposes of curing any ambiguity or correcting or supplementing any provision herein or, following any change in the basis on which any information is calculated or provided or otherwise howsoever which would materially change the commercial effect of any provision or provisions herein, amending any provision or provisions herein if such amendment is for the purpose of mitigating the effect of such change or replacing any information provider or information source named herein or any previous

replacement information provider or source. The Calculation Agent may agree to consult with any person regarding any potential amendment to the methodology.

(e) **Reliance**

In making any calculations or determinations, the Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value assets of any class or classes by reason of any appropriate professional qualification or experience of any relevant market or asset.

(f) **Not Acting as Fiduciary**

In making calculations and determinations, the Calculation Agent shall act as principal and not as agent or fiduciary of any other person. Each calculation and determination performed by the Calculation Agent hereunder is performed in reliance upon this and subject thereto. If by performing any such calculation or determination the Calculation Agent is rendered an agent or fiduciary for another person under applicable law, then the Calculation Agent's right and obligation to perform such calculation or duty may be suspended at the option of the Calculation Agent (or, if already performed, its application may be suspended) until such calculation or determination may be performed by the Calculation Agent as principal and not as agent or fiduciary (or until it may be performed by an appropriate third party that is willing and able to perform it).

(g) **Dates of Calculations**

Notwithstanding that certain calculations or determinations in the Conditions may be expressed to be "on" a certain date, the Calculation Agent may make such calculations or determinations in respect of that date on a date after that date.

(h) **Business Days**

Unless otherwise specified, calculations made by the Issuer in respect of the Asset for Valuation Day_t shall be made in accordance with the Asset Liquidity Designation as specified in the Issue Specific Terms. Where the Asset Liquidity Designation is specified as Monthly, then Asset Unit Price as of Valuation Day_t shall be the respective Asset Unit Price for the calendar month in which Valuation Day_t falls. Where the Asset Liquidity Designation is specified as Daily, Weekly, Quarterly or any other Asset Liquidity Designation as specified in the Issue Specific Terms, then Asset Unit Price as of Valuation Day_t for the Asset shall be the Asset Unit Price for the respective Asset Business Day which falls on the same calendar day as Valuation Day_t provided that where such Asset Business Day does not fall on the same calendar day as Valuation Day_t, then the Asset Unit Price shall be that for the respective Asset Business Day falling immediately after the respective Valuation Day_t.

Nothing in the foregoing shall limit the ability of the Issuer to make estimates in any manner specified elsewhere in the Conditions. Notwithstanding the foregoing or anything else contained in the Conditions, should the Issuer determine, in good faith and in a commercially reasonable manner, that in order to give effect to the methodology described in these Asset Terms and the Issue Specific Terms it is necessary to make calculations on a day that is not a Calculation Business Day then the Issuer shall be permitted to make such calculations on such calendar day as it shall see fit.

(i) **Use of Estimates**

The Calculation Agent will make calculations and determinations under the Conditions using the information, price sources or factors, whether official or estimated, as specified in the Conditions. However, should the Calculation Agent not be able to obtain the necessary information or be able to use the specified price sources or factors, then, after using reasonable efforts and after applying all fallback provisions specified in the Conditions in relation to such calculation or determination, the Calculation Agent shall be permitted to use its estimate (arrived at in good faith) of the relevant information, price source or factor in making the relevant calculations or determinations should it determine that such estimate is reasonably necessary. If at any time the Calculation Agent is required to make any estimate in respect of any determination or calculation whilst redemptions are for the time suspended, the Calculation Agent may make such estimate as such amount as it in good faith believes to be the then market value, which may be zero.

6 Definitions

“Additional Service Provider” means the entity or entities (if any) designated as such in the Issue Specific Term entitled “Additional Service Provider” within the section entitled “Provisions relating to the Asset” in the Issue Specific Terms.

“Administrator” means, in respect of the Asset, the entity specified in the Prospectus as responsible for the administration of the Asset and the determination and reporting of the Asset Value.

“Asset” means a notional investment in the Paerel Funds – Paerel Alternative Fund.

“Asset Adjustment Event” means where the Asset:

- (a) subdivides, consolidates, or reclassifies the Asset Units or a distribution or dividend of any Asset Unit or any other interest in the Asset to any existing holder by way of bonus, capitalization, reorganization of the Asset or similar issue;
- (b) a distribution, issue or dividend to any existing holders of the Asset Units of (i) an additional amount of the Asset Units, (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Asset equally or proportionately with such payments to holders of such interest, (iii) share capital or securities of another issuer acquired or owned (directly or indirectly) by the Asset, (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) implements any changes to the rights attaching to the Asset Units;
- (d) any change in the subscription or redemption terms of the Asset Units including, but not limited to, the form of payment, schedule of payments or notice periods that were not otherwise applicable to the Hedging Entity as of the Issue Date;
- (e) requires the mandatory redemption of the Asset Units;
- (f) takes any action that may have a diluting or concentrative effect on the theoretical value of the Asset Units;
- (g) a material change in any fee arrangement between any Hedging Entity and the Asset; or
- (h) suffers an adverse change in its accounting, regulatory or tax treatment which does or would adversely affect holders of its units, or where the Hedging Entity suffers or would suffer

adverse treatment as a result of the adoption of any accounting, regulatory or tax treatment in respect of a holding of any Asset Units.

“Asset Business Day” means a day that is classified as a day on which the Asset will effect subscription and redemption requests in relation to the Asset Units and/or any day that is a day for which the Administrator or Investment Manager shall calculate an Asset Unit Price in accordance with the Prospectus.

“Asset Currency” means the currency specified as such in Issue Specific Term 45.

“Asset Disruption Event(s)” means any of the following events in respect of the Asset:

- (a) A failure, suspension or postponement in the reporting or publishing of the Asset Unit Price in respect of an Asset Business Day as regularly scheduled, or any event that prevents any Asset Unit Price so published from being received by the people to whom it is published, whereby such event is, in the determination of the Calculation Agent, material;
- (b) Any circumstances where, although the Asset Unit Price is published, the Calculation Agent determines that such value is not accurate or that any transaction in respect of the Asset could not be transacted at such value or with a cash consideration in full, and to be received as regularly scheduled;
- (c) The inability of a Hypothetical Investor, if holding Asset Units as a hedge for the Securities, to liquidate all the Asset Units for cash or any other interest received by the Asset for cash on an originally scheduled dealing day;
- (d) Any event including but limited to any change to the notice period of redemption or subscriptions, any gating, side-pocketing or other arrangement affecting the timing or the ability of a Hypothetical Investor to redeem or subscribe Asset Units for cash;
- (e) a postponement, suspension or failure of the Asset to make any payment in respect of the redemption of any interest in the Asset on any day for which such payment is scheduled to be made in accordance with the Asset’s Prospectus;
- (f) the Issuer being unable to subscribe for or redeem interests in the Asset on an Asset Business Day in accordance with the Asset’s Prospectus;
- (g) an Asset Termination Event; or
- (h) a Market Disruption Event.

“Asset Termination Event” means the events set out in Schedule 5.

“Asset Unit Price” means in respect of Valuation Day t , the official net asset value of the Asset per Asset Unit as determined and published by or on behalf of the Asset by the Administrator, for the most recent Asset Business Day provided that the Calculation Agent may make any adjustment to such Asset Unit Price where it reasonably believes that (i) such Asset Unit Price is inaccurate or (ii) any purchase or redemption of such Asset by it could not be transacted using the published Asset Unit Price or (iii) any redemption by it could not be settled at the published Asset Unit Price. Such adjustment may be on account of, without limitation, transaction costs, subscription fees, redemption fees and taxes borne by or charged to the Issuer or any affiliate.

“Asset Unit Price_{Initial}” means the Asset Unit Price in respect of the Initial Valuation Day.

“Asset Unit Price_t” means the Asset Unit Price in respect of Valuation Day t .

“Asset Value” has the meaning given in Asset Term 2.

“Calculation Business Day(s)” has the meaning given in the Product Terms.

“Custodian” means, in respect of the Asset, the entity specified in the Prospectus as responsible for the custody of the assets of the Asset.

“Executive Committee” means, in respect of the Asset, the group of individuals specified in the Prospectus as responsible for overseeing the activities of the Asset.

“Fund Disruption Event” means any of the following events in respect of the Asset:

- (a) a failure, suspension or postponement by the Investment Manager or Administrator (where applicable) to publish the Asset Unit Price in respect of an Asset Business Day on or before the next following Asset Business Day, or any event that prevents the Asset Unit Price so published from being received by the people to whom it is published, whereby such event is, in the determination of the Calculation Agent, material;
- (b) a postponement, suspension or failure of the Asset to make any payment in respect of the redemption of any interest in the Asset on any day for which such payment is scheduled to be made in accordance with the Prospectus; or
- (c) the Issuer being unable to subscribe for or redeem interests in the Asset on a Asset Business Day in accordance with the Prospectus.

“Hypothetical Investor” means a hypothetical investor in the Asset Units or any other security received as a distribution in respect of the Asset Units located in the Hypothetical Investor Jurisdiction and deemed to have the benefits and obligations, as provided under the Asset Prospectus, of an investor holding as of any Valuation Day an amount of the Asset Units required to hedge the Securities,.

“Hypothetical Investor Jurisdiction” means England.

“Investment Manager(s)” means, in respect of the Asset, the entity specified in the Prospectus as responsible for providing investment management advice to the Asset and/or the Administrator and/or the Executive Committee, or other person responsible for providing financial information relating to the Asset to its investors.

“Item” means any parameter, formula, input, determination, estimation, calculation or payment amount under Securities.

“Market Disruption Event” means any of the following events:

- (a) when the foreign exchange market or interest rate market in U.S. dollars or the Specified Currency is or are closed otherwise than for ordinary public holidays or if trading thereupon is restricted or suspended and, in the determination of the Issuer, this would have a material impact on the ability of the Issuer to determine the value of the Securities accurately, in a timely manner or at all or to execute a hedge in respect of the Securities in any such market;
- (b) an event pursuant to which there is a breakdown in any means of communication normally used for the valuation by the Issuer of all of or a substantial portion of the Asset or if the Investment Manager informs the Issuer or the Issuer determines at its own discretion that the last reported Asset Value should not be relied upon;

- (c) an event pursuant to which the Issuer determines that a substantial number of transactions in relation to hedging the Asset would be rendered impracticable or if purchases and sales in respect of hedging a substantial portion of the Asset would not be capable of being effected; or
- (d) any other event pursuant to which Issuer determines that the Asset Value cannot be promptly or accurately ascertained.

“**Prospectus**” means, with respect to the Asset, the offering document as updated, revised or supplemented from time to time.

“**Service Provider**” means each of the Investment Manager, the Administrator, the Custodian and any Additional Service Provider (if any) to the Asset.

“**Underlying Assets**” means the underlying assets and liabilities comprised in the Asset.

“**Valuation Day**_t” has the meaning given to it in the Product Terms.

SCHEDULE 3

DESCRIPTION OF FUND

Paerel Funds – Paerel Alternative Fund

Investment Objectives

The Fund looks for absolute returns by taking among others an exposure to all types of investment funds and entities (the “**Underlying Funds**”) following an alternative investment approach such as hedge funds, private equity funds, real estate funds and commodity-related funds. Underlying Funds following an alternative investment approach try to be less correlated with returns from the equity and the bond markets and so may contribute to decrease the global portfolio risk.

The investment objective is to realise long-term compounded returns in excess of those available through conventional investments in public markets by making investments in Underlying Funds.

Top 5 Holdings as at 22 August 2008

RAB Multistrategy	7.39%
Fidelity European Equity Market Neutral	5.89%
GLG European Long-Short	5.25%
OCCO Global Emerging Markets	4.98%
Factor Credit Value	4.72%

The Investment Manager is Paerel Vermogensbeheer B.V. Paerel Vermogensbeheer B.V. was established on 1 July 1927 under the name Borghols & Co. Its registered office is Herengracht 199 – 201 1016 BE Amsterdam. Its main activity consists in providing investment management services for individuals and mutual funds. Paerel Vermogensbeheer B.V. is conducted by an executive board appointed by the shareholders, and is represented by two jointly operating directors. Paerel Vermogensbeheer B.V. is a licensed asset manager under the supervision of the Dutch regulator Autoriteit Financiële Markten (AFM). Paerel Vermogensbeheer B.V. is one of the subsidiaries of Paerel Groep B.V. with registered office at Herengracht 199 – 201 1016 BE Amsterdam.

The Prospectus for the Fund and information as to past and further performance is available from [the website of the investment manager: www.paerel.nl], and at their registered office at Herengracht 199 – 201, 1016 BE, Amsterdam, Netherlands.

SCHEDULE 4

INVESTMENT GUIDELINES

The Asset shall comply with the Leverage, and Diversification requirements set forth below.

1 Leverage

Internal Cell Leverage (Bridge Financing)	Min/Max	Constraint
% of NAV	Max	10.0%

2 Diversification by Asset Class, Hedge Fund Strategy, Underlying Investment Manager & Fund, Strategy and Geographical Sector:

The Asset may not exceed the Maximum Allocations set forth below in respect of any Strategy and Geographical

The Asset may not exceed the Maximum Allocations set forth below in respect of any Strategy

Asset Class Limits	Max Alloc	Max Liquidity
Max allocation to each of the Asset Classes		
Hedge Funds	65.00%	n/a
Private Equity	5.00%	n/a
Real Estate	10.00%	3
Hedge Funds + Private Equity + Real Estate	70.00%	n/a
Bonds	45.00%	3
Equity	35.00%	3
<i>Equity Emerging Markets</i>	<i>10.00%</i>	<i>3</i>
<i>Equity Commodities</i>	<i>10.00%</i>	<i>3</i>
<i>Equity Real Estate</i>	<i>10.00%</i>	<i>3</i>
Commodities	15.00%	3
Developed Equity Short Exposure	15.00%	n/a
Exposure to currency other than EUR	10.00%	n/a

Hedge Fund Strategy Limits (percentage limits are with respect to the HF portfolio)		
Strategy Diversification Limits	Min/Max	Constraint
Max allocation to each of the following strategies:		
Equity Market Neutral	Max	55%
Long/Short Equity	Max	55%

Global Macro	Max	45%
Managed Futures	Max	45%
Convertible Arbitrage	Max	45%
Event Driven	Max	45%
Fixed Income Arbitrage	Max	45%
Multi Strategy	Max	45%
Dedicated Short	Max	35%
Emerging Markets	Max	35%
Max. % aggregate allocation to 2 largest strategies	Max	60%
Max. % aggregate allocation to 3 largest strategies	Max	80%

Underlying Investment Manager Diversification Limits	Min/Max	Constraint
Minimum number of managers	Min	10
Max. % to manager with the largest allocation	Max	30.0%
Max. % allocated to 3 managers with the largest allocation	Max	55.0%

Underlying Hedge Funds Diversification Limits	Min/Max	Constraint
Minimum number of hedge funds	Min	15
Max. % in hedge fund with the largest allocation	Max	12.5%
Max. % in the 3 hedge funds with the largest allocation	Max	32.5%
Max. % in the 10 hedge funds with the largest allocation	Max	80.0%

3 Liquidity in respect of the Hedge Fund Allocation Constraints as percentage of the Hedge Fund Portfolio

Liquidity limits (valid until 2 years from maturity in a dedicated portfolio)	Min/Max	Constraint
Measured = Max ((Frq + Notice Period), Hard Locks)		
Allocation to funds next accepting redemptions		
<=50 calendar days	Min	15%
<=70 calendar days	Min	25%
<=155 calendar days	Min	80%
>365 calendar days	Max	15%

Exit penalties (Soft Lock Ups)	Min/Max	Constraint
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% of NAV	Max	5.0%
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4 Volatility

Portfolio Volatility	Min/Max	Constraint
12 month rolling volatility	Max	12.5%

SCHEDULE 5

ASSET TERMINATION EVENTS

The following events shall not be Asset Termination Events if such event occurred or came into existence prior to the Issue Date. An Asset Termination Event may occur by the determination of the Calculation Agent acting in its sole discretion of (i) the event occurring on or after the Issue Date in respect of investors generally, or the event actually occurring with respect to the Hedging Entity or (ii) publication of a notice or other dissemination of information in respect of the Asset which indicates that such event will occur on or after the Issue Date:

- (1) In respect of the Asset, any of following events:
 - (a) the winding-up, dissolution, liquidation or other cessation of trading of the Asset or any Service Provider; provided that if such event occurs pursuant to a internal reorganisation of its or their businesses, such Service Provider may prior to such event request the Asset to appoint an affiliate as a substitute Service Provider (the “**Substitute**”) on the same terms as the original appointment with such amendments as may be approved by the Calculation Agent acting in a commercially reasonable manner. The appointment of the Substitute by the Asset shall only be effected with the prior written consent of the Calculation Agent;
 - (b) an investigation is made by any applicable regulatory body into the activities of the Asset or any Service Provider for reasons of any alleged wrongdoing, breach of any rule or any regulation or other similar reason, which allegation, if true, would, in determination of the Calculation Agent acting in a commercially reasonable manner, have a material effect on the net asset value of the Asset;
 - (c) loss of an applicable licence or regulatory authorisation applying to the Asset or any Service Provider (unless the Calculation Agent determines in a commercially reasonable manner that such event is immaterial);
 - (d) the instigation or resolution of any legal action, arbitration or equivalent measure (including as a result of any allegation of fraud or misdealing) against the Asset or any Service Provider which proceedings, if successful as determined by the Calculation Agent in a commercially reasonable manner, would, in the determination of the Calculation Agent acting in a commercially reasonable manner, have a material effect on the net asset value of the Asset or the resolution of a legal action, arbitration or equivalent measure (including when instigated prior to the Trade Date) against the Asset or Service Provider, such resolution having a materially adverse effect on the net asset value of the Asset;
 - (e) a material change to the Asset’s constitution or management including, but not limited to, a change in the Investment Manager or the Investment Advisor, a reduction of the responsibilities of the Investment Advisor, or a change in the Asset’s organisation or its management whether or not via merger or other reorganisation event, including where such event materially alters the nature of the Asset;

- (f) a material breach of the Investment Guidelines set out in Schedule 4 or the Investment Strategy or Investment Objectives of the Fund set out in the Prospectus and such breach has not been cured within 30 calendar days (the “**Guidelines Cure Period**”) from the date of notification by the Risk Monitor to the satisfaction of the Calculation Agent. Further, and for these purposes, “**Risk Monitor**” means Credit Suisse International;
 - (g) a material breach (as determined by the Calculation Agent acting in a commercially reasonable manner) of the Investment Guidelines or the Investment Strategy or the Investment Objectives on three or more separate occasions (the Guidelines Cure Period shall not apply for the third or subsequent such breach);
 - (h) the Asset’s aggregate net asset value falls below EUR 35,000,000;
 - (i) the aggregate net asset value of assets managed by the Asset’s investment manager falls below EUR 100,000,000; or
 - (j) the Asset’s accounting currency changes.
- (2) Any of the events set out in paragraphs (a) to (b) below relating to any investment by the Hedging Entity in Asset Units for the purpose of hedging the Hedging Entity’s obligations in respect of the Securities that is not remedied reasonably promptly by the Asset (or within the applicable cure periods specified) to the reasonable satisfaction of the Hedging Entity and that, in the sole determination of the Hedging Entity, has a material effect on the ability of the Hedging Entity to hedge the Hedging Entity’s obligations in respect of the Securities.
- (a) Liquidity
 - (i) A mandatory redemption occurs (in whole or in part) of any holding of Asset Units by the Hedging Entity;
 - (ii) the Asset’s redemption or subscription terms provide for subscriptions or redemptions to be allowed less frequently than the following terms or if such terms are de facto imposed on the Hedging Entity:
 - (I) **Subscription Terms:** Frequency of weekly or better (daily) with a notice period prior to 5.00 p.m. (Amsterdam time) on the relevant day; and
 - (II) **Redemption Terms:** Frequency of weekly or better (daily) with a notice period prior to 5.00 p.m. (Amsterdam time) on the relevant day and with a settlement period of not more than 3 Business Days after the relevant daily redemption;

- (iii) a subscription or redemption fee or charge (howsoever described) is charged by the Asset with respect to the Hedging Entity buying and selling Asset Units;
 - (iv) the Asset offers preferential liquidity or redemption terms in respect of a share class in the Asset without offering the Hedging Entity identical terms;
 - (v) the Hedging Entity is unable to subscribe for or redeem Asset Units on a scheduled dealing day for the Asset;
 - (vi) unless otherwise agreed with the Hedging Entity, the Asset issues more than one class or series of shares in the Asset to the Hedging Entity with different net asset value per share or the Asset deducts any fee outside the net asset value per share by the application of equalisation credits or similar mechanism, in either case preventing the Hedging Entity from making a single unitised investment in the Asset equivalent to that used in the calculation of any Calculation Item.
- (b) Implementation of taxes or other charges, change in law:
- (i) the Asset suffers an adverse change in its legal, accounting, regulatory or tax treatment that would or does adversely affect the Hedging Entity as holder of the Asset Units or the Hedging Entity becomes subject to taxes or other similar fees payable in respect of a purchase or redemption of the Asset Units and in each case, such change has not been cured within 30 Calculation Business Days, provided that the Hedging Entity shall use reasonable efforts to mitigate any such effect, if possible to do so, by transferring the hedging arrangements to an affiliate of the Hedging Entity (and the Hedging Entity shall not be assumed to be acting unreasonably if it refuses to implement steps which would require the Hedging Entity or any such affiliate to sustain a loss as a result thereof); and
 - (ii) as a result of (a) any adoption of, or change in, law or regulation or its interpretation, (b) any determination of a regulatory or taxation authority applicable to the Hedging Entity or Asset, or (c) the application of the Hedging Entity's regulatory capital treatment or funding treatment of the Securities or its associated hedging arrangements or balance sheet constraints or any change thereto, whereupon: (1) it becomes unlawful or prohibited for the Hedging Entity (including any adverse change in restrictions imposed by or on the Hedging Entity) to hold, purchase, sell, redeem or otherwise create, transfer or receive any interest in the Asset; (2) the cost of the hedging arrangements in respect of the Securities would be materially increased (including circumstances (A) requiring the Hedging Entity to adversely modify any reserve, special deposit, funding arrangement or similar requirement imposed by or on the Hedging Entity, (B) that would adversely affect the amount or cost of regulatory capital that would have to be maintained or the cost of balance sheet usage in respect of its hedging arrangements, or (C) which subject the Hedging Entity to any loss or additional taxation); or (3) there would be a material decline in the value of the Asset.
- (3) Reporting Obligations:
- (i) The Asset materially breaches any reporting obligations set forth in the

- Prospectus;
- (ii) The Asset materially breaches the reporting obligations agreed with the Hedging Entity and summarised in the table below, and the breach is not cured within the relevant Reporting Cure Period:

Required Report*	Frequency	Reporting Party	Reporting Cure Period
NAV Report	Weekly (or Daily if more liquid share class becomes available), 3 Business Days after NAV valuation	Administrator	3 calendar days
Composition Report, including information on any leverage on the Asset and the component funds	Weekly, each Friday	Fund manager	3 calendar days
Audited Financial Statements	Annual, within 4 calendar months following the fiscal year end (April)	Administrator	3 calendar days
Confirmation of guidelines compliance	Monthly, 4 Business Days following the relevant month end	Fund manager	3 calendar days

(* Reports as defined in the Documentation)

- (iii) a breach of the reporting obligations stated in paragraph 3(i) and (ii) above (together, the “**Reporting Obligations**”) on three or more separate occasions, where the relevant cure period shall not apply for the third or subsequent such breach of the Reporting Obligations.

For the purposes of the above Asset Termination Events, “**Hedging Entity**” means the Issuer, Credit Suisse, London Branch or any affiliate of the Issuer that holds or will hold Asset Units as part of its hedging activities in direct or indirect connection with the Securities.

CLEARING ARRANGEMENTS

The Securities have been accepted for clearance through Euroclear (Address: 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg) which are the entities in charge of keeping the records.

DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents specified as being available under “General Information”, this Base Prospectus may also be viewed while any Security is outstanding at the offices of the Offeror.

MARKET MAKING AGREEMENT

The Issuer has not entered into any agreements with any person to make a market in the Securities.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

Initial Issue of Securities

Global Securities are issued in CGS form. Upon the initial deposit of a Global Security with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg as the holder of a Security represented by a Global Security must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Security and in relation to all other rights arising under the Global Securities, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). So long as the Securities are represented by a Global Security and the relevant clearing system(s) so permit, the Securities shall be tradeable only in principal amounts of at least the Specified Denomination.

Exchange

Global Security

Each Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Securities”, in part for Definitive Securities (1) if the permanent Global Security is held on behalf of Euroclear or Clearstream, Luxembourg and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (2) if principal in respect of any Securities is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

Partial Exchange of Global Securities

For so long as a Global Security is held on behalf of a clearing system and the rules of that clearing system permit, such Global Security will be exchangeable in part on one or more occasions for Definitive Securities if principal in respect of any Securities is not paid when due.

Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Securities, “**Definitive Securities**” means, in relation to any Global

Security, the definitive Bearer Securities for which such Global Security may be exchanged. Definitive Securities will be security printed in accordance with any applicable legal requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities.

Exchange Date

“Exchange Date” means a day falling not less than 60 days, or in the case of failure to pay any amount in respect of any Securities when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Global Securities contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Base Prospectus. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Security unless exchange for Definitive Securities is improperly withheld or refused. All payments in respect of Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of that Global Security to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Securities.

Prescription

Claims against the Issuer in respect of Securities that are represented by a permanent Global Security will become void unless it is presented for payment within a period of 10 years from the appropriate Relevant Date (as defined in General Condition 8).

Meetings

The holder of a Global Security shall (unless such Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Global Security shall be treated as having one vote in respect of each minimum Specified Denomination of Securities for which such Global Security may be exchanged.

Cancellation

Cancellation of any Security represented by a Global Security that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Security.

Events of Default

Each Global Security provides that the holder may cause such Global Security, or a portion of it, to become due and repayable in the circumstances described in General Condition 9 by stating in the notice to the Fiscal Agent the nominal amount of such Global Security that is becoming due and repayable.

Notices

So long as any Securities are represented by a Global Security and such Global Security is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to the holders of Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security.

TAXATION

The following summary of certain tax issues that may arise as a result of holding the Securities is based on current tax legislation and is intended only as general information for holders of the Securities. It is recommended that prospective applicants for the Securities consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding the Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

United Kingdom

Provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the “**Act**”), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, the Issuer will be entitled to make payments of interest under the Securities without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Securities may also be made without withholding or deduction for or on account of United Kingdom income tax if the Securities are listed on a "recognised stock exchange" within the meaning of section 1005 of the Act.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Securities is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue & Customs have not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Securities is less than 365 days.

In other cases, an amount must generally be withheld from payments of interest on the Securities issued by the Issuer on account of United Kingdom income tax at the lower rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Securityholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Securityholders who are individuals may wish to note that HM Revenue & Customs have power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. HM Revenue & Customs also have power to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Security which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or receives such amounts for the benefit of, an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained

may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

The Netherlands

All payments in respect of the Securities by or on behalf of the Issuer will be subject to any applicable withholding taxes. However, as at the date hereof, no such taxes would be applicable in the Netherlands.

OFFERS

An investor intending to acquire or acquiring any Securities from an Offeror will do so, and offers and sales of the Securities to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such investor including as to price, allocations and settlement arrangements. Neither the Issuer nor the Dealer will be a party to any such arrangements with investors (except where the Issuer or Dealer is itself the relevant Offeror) and, accordingly, this Base Prospectus and any Final Terms may not contain such information and, in such case, an investor must obtain such information from the relevant Offeror. Investors should however note the following:

Amount of the offer: The nominal amount or number of Securities subject to the offer may be specified in the relevant Final Terms. If the nominal amount or number of Securities subject to the offer is not specified in the relevant Final Terms, the relevant Final Terms may specify that it will be determined on the basis of the demand for the Securities and prevailing market conditions and be published in accordance with Article 8 of the Prospectus Directive.

Offer Price: The offer price per Security may either (a) be specified in the relevant Final Terms or (b) if the relevant Final Terms so specify, be determined on the basis of the prevailing market conditions on or around the date specified in the relevant Final Terms in which event it will not be greater than the maximum price specified in the relevant Final Terms and will be published in accordance with Article 8 of the Prospectus Directive.

Publication of a Supplement: If the Issuer publishes a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive which relates to the Issuer or the Securities, investors who have already agreed to purchase Securities before the supplement is published shall have the right to withdraw their acceptances by informing the relevant Distributor in writing within 2 working days (or such other longer period as may mandatorily apply in the relevant country) of publication of the supplement. The terms and conditions of the Securities and the terms on which they are offered and issued will be subject to the provisions of any such supplement.

SELLING RESTRICTIONS

United States

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Dealer has agreed that, except as permitted by applicable law, not to offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and it will be required to send to each other Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by the Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Dealer has represented and agreed that:

- (a) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) other than the Netherlands (each, a “**Relevant Member State**”), the Dealer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities to the public (within the meaning of that Directive) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State in accordance with this Base Prospectus or in circumstances which do not

require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Directive.

GENERAL INFORMATION

- 1 The issue of the Securities will be authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 13 March 2006.
- 2 Copies of this Base Prospectus and the Agency Agreement and any supplement thereto will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Fiscal Agent. In addition copies of the following will be available free of charge at the principal office of each of the Paying Agents and at the registered office of the Issuer, during usual business hours on any weekday (Saturdays and public holidays excepted):
 - (i) The Agency Agreement;
 - (ii) The Memorandum and Articles of Association of the Issuer;
 - (iii) The audited accounts of the Issuer for the last two years;
 - (iv) The Final Terms;
 - (v) a copy of this Base Prospectus together with any Supplement to this Base Prospectus; and
 - (vi) a copy of any document incorporated by reference in this Base Prospectus.
- 3 KPMG Audit Plc (Chartered Accountants) have audited the accounts of the Issuer.
- 4 The Securities have been accepted for clearance through Euroclear (1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg).

GENERAL CONDITIONS

BASE TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the general terms and conditions that, subject to the provisions of the Product Terms, the Asset Terms, the relevant Final Terms and the Issue Specific Terms (together with the General Conditions, the “**Conditions**”), shall be applicable to the Securities.

The Securities (which expression shall include any Securities issued pursuant to General Condition 12) are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 10 August 2006 between the Issuer, JPMorgan Chase Bank, N.A. (now The Bank of New York Mellon, acting through its London Branch) as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**” and together the “**Agents**”). The Securityholders (as defined in General Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Fiscal Agent, the Registrar and the Transfer Agents.

The Securities of any series (a “**Series**”) and of any tranche (a “**Tranche**”) comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the Product Terms, the Asset Terms, the relevant Final Terms and the terms of the specific issue (the “**Issue Specific Terms**”).

Expressions used herein and not defined shall have the meaning given to them in the relevant Issue Specific Terms. In the event of any inconsistency between the General Conditions and the Issue Specific Terms, the Issue Specific Terms will prevail.

1. Form, Denomination and Title

The Securities are issued in bearer form (“**Bearer Securities**”, which expression includes Securities that are specified to be Exchangeable Bearer Securities) or in registered form (“**Registered Securities**”) in each case in the Specified Denomination(s).

All Registered Securities shall have the same Specified Denomination.

Bearer Securities are serially numbered.

Registered Securities are represented by registered certificates (“**Certificates**”) and, save as provided in General Condition 2(c), each Certificate shall represent the entire holding of Registered Securities by the same holder.

Title to the Bearer Securities shall pass by delivery. Title to the Registered Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of

any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

“**Securityholder**” means the bearer of any Bearer Security or the person in whose name a Registered Security is registered (as the case may be), “**holder**” (in relation to a Security) means the bearer of any Bearer Security or the person in whose name a Registered Security is registered (as the case may be).

2. Exchanges of Exchangeable Bearer Securities and Transfers of Registered Securities

- (a) **Exchange of Exchangeable Bearer Securities:** Not Applicable.
- (b) **Transfer of Registered Securities:** One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Securities:** Not applicable.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to General Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in General Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this General Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for general business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Securities and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

- (f) **Closed Periods:** No Securityholder may require the transfer of a Registered Security to be registered or an Exchangeable Bearer Security to be exchanged for one or more Registered Security(ies) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days before any date on which Securities may be called for redemption by the Issuer at its option pursuant to General Condition 5(d), (iii) after any such Security has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Security called for redemption may, however, be exchanged for one or more Registered Security(ies) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status

The Securities are unsubordinated and unsecured obligations of the Issuer and will rank pari passu and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations on the Issuer from time to time outstanding.

4. Interest and other Calculations

- (a) **Interest on Fixed Rate Securities:** Not applicable.
- (b) **Interest on Floating Rate Securities:** Not applicable.

5. Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption:**

- (i) Not applicable.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Securityholder's option in accordance with General Condition 5(d) or 5(e), each Security shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) **Early Redemption:**

- (i) **Zero Coupon Securities:** Not applicable.
- (ii) **Other Securities:**

The Early Redemption Amount payable in respect of any Security upon redemption of such Security pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9, shall be the Early Redemption Price specified in the Product Terms.

(c) **Redemption for Taxation or Illegality Reasons:**

If:

- (i) the Issuer determines that, upon payment in respect of the Securities, as a result of any amendment to, or change in, the laws of the United Kingdom or as a result of a change in the official interpretation or application thereof that becomes

effective on or after the Issue Date, the Issuer would be required, for reasons outside its control, and after taking such reasonable measures to avoid such requirement (such measures not involving any material additional payments by, or expense for, the Issuer), to make any withholding or deduction referred to in General Condition 7; or

- (ii) the Issuer shall have determined in good faith that the performance of any of its obligations under the Securities or that any arrangements made to hedge its position under the Securities shall have or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof;

then the Issuer may, having given not more than 30 nor less than 15 days' notice to Securityholders in accordance with General Condition 13 (which notice shall be irrevocable), redeem all, but not some only, of the Securities at their Early Redemption Amount.

- (d) **Redemption at the Option of the Issuer and Exercise of Issuer's Options:** Not applicable.

- (e) **Redemption at the Option of Securityholders and Exercise of Securityholders' Options:** Not applicable.

- (f) **Partly Paid Securities:** Not applicable.

- (g) **Purchases:**

The Issuer, any Subsidiary and/or any Affiliate of the Issuer may at any time purchase Securities in the open market or otherwise at any price and may hold or recall them or surrender them as provided below for cancellation. References to "**Affiliate**" include any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer. References to "**Subsidiary**" mean a subsidiary as defined in Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989. As used herein, "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly.

- (h) **Cancellation:**

Securities purchased by or on behalf of the Issuer or any of its Subsidiaries or Affiliates may be surrendered for cancellation, in the case of Bearer Securities, by surrendering each such Security to the Fiscal Agent and, in the case of Registered Securities, by surrendering the Certificate representing such Securities to the Registrar and, in each case, if so surrendered, shall, together with all Securities redeemed by the Issuer, be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

- (i) Reference to Principal: References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of interest.

6. Payments and Talons

(a) **Bearer Securities:**

Payments in respect of Bearer Securities shall, subject as mentioned below, be made against presentation and surrender of the relevant Securities at the specified office of any Paying Agent outside the United States by a cheque payable in the Settlement Currency drawn on, or, at the option of the holder, by transfer to an account denominated in the Settlement Currency with, a bank in the principal financial centre for such currency.

(b) **Registered Securities:**

Payments in respect of Registered Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar.

(c) **Payments in the United States:** Not applicable.

(d) **Payments Subject to Fiscal Laws:**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of General Condition 7. No commission or expenses shall be charged to the Securityholders in respect of such payments.

(e) **Appointment of Agents:**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities, (iv) so long as the Securities are listed on any stock exchange and the rules of that stock exchange or the relevant competent authority so require such Paying Agents or other agents as may be required by the rules of such stock exchange or competent authority and (v) a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive (2003/48/EC) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:** Not applicable.
- (g) **Talons:** Not applicable.
- (h) **Non-Business Days:**

If any date for payment in respect of any Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro): a day on which the TARGET System is operating (a “**TARGET Business Day**”);

7. Taxation

All payments by or on behalf of the Issuer in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision therein or thereof or any authority in or of the United Kingdom having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by Securityholders of such amounts as would have been received by them in the absence of such withholding or deduction; except that no such additional amount shall be payable with respect to any Security:

- (i) to or to a third party on behalf of a holder who is subject to such taxes or duties by reason of his being connected with the United Kingdom or any authority therein or thereof having power to tax otherwise than by reason only of the holding of any Security or the receipt of payment in respect thereof;
- (ii) to or to a third party on behalf of a person who is able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption to the relevant tax authorities (which declaration or claim does not require disclosure of the identity of the relevant holders);
- (iii) presented for payment in the United Kingdom;
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment at the close of such 30-day period;
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27

November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vi) (except in the case of Registered Securities) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the EU.

For the purpose of the Conditions, “**Relevant Date**” means, in respect of any payment, (i) the date on which such payment first becomes due and payable or (ii) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Securityholders in accordance with General Condition 13.

Any reference in the General Conditions or the Issue Specific Terms to principal or interest shall be deemed to refer also to any additional amounts which may be payable under this General Condition.

8. Prescription

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within 10 years from the appropriate Relevant Date in respect of them.

9. Events of Default

If any one or more of the following events (each, an “**Event of Default**”) has occurred and is continuing:

- (a) the Issuer fails to pay any amount due on the Securities within 30 days after the due date;
- (b) a resolution is passed, or a final order of a court in the United Kingdom is made and, where possible, not discharged or stayed within a period of 90 days, that the Issuer be wound up or dissolved; or
- (c) an encumbrancer takes possession or an administrative or other receiver or similar officer is appointed of the whole or substantially the whole of the assets or undertaking of the Issuer or an administration or similar order is made in relation to the Issuer and such taking of possession, appointment or order is not released, discharged or cancelled within 90 days; or
- (d) the Issuer ceases to carry on all or substantially all of its business or is unable to pay its debts within the meaning of section 123(1)(e) or (2) of the Insolvency Act 1986; or
- (e) the Issuer is adjudicated bankrupt or insolvent by a court of competent jurisdiction in England;

then the holder of any Security may by notice in writing given to the Fiscal Agent at its specified office, declare such Security immediately due and payable, whereupon such Security shall become redeemable at its Early Redemption Amount unless prior to the time when the Fiscal Agent receives such notice all Events of Default have been cured.

10. Meeting of Securityholders and Modifications

- (a) **Meetings of Securityholders:** The Agency Agreement contains provisions for convening meetings of Securityholders to consider any matter affecting their interests,

including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Securityholders holding not less than one tenth in nominal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Securities, (ii) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Securities, (iii) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any other amount payable on the Securities, (iv) to vary the currency or currencies of payment or denomination of the Securities, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (vi) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

- (b) Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Securityholders.

11. Replacement of Securities and Certificates

If a Security or Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Securities) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Security or Certificate is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities or Certificates) and otherwise as the Issuer may require. Mutilated or defaced Securities or Certificates must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities (so that, for the avoidance of doubt, references in the conditions of such Securities to "Issue Date" shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single series with such Securities, and references in these Conditions to "Securities" shall be construed accordingly.

13. Notices

Notices to the holders of Registered Securities shall be published in accordance with the procedure set out in this General Condition for Bearer Securities and shall also be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Securities shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

14. Calculations and Determinations

Neither the Issuer nor the Calculation Agent shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Issuer or Calculation Agent shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Securityholders.

15. Third Parties

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Securities expressly provide for such Act to apply to any of their terms.

16. Miscellaneous Definitions

References to "EUR" are to euros.

17. Governing Law and Jurisdiction

- (a) **Governing Law:** The Securities are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Securities and accordingly any legal action or proceedings arising out of or in connection with any Securities may be brought in such courts.

Signed on behalf of the Issuer:

By: _____

Duly authorised signatory

By: _____

Duly authorised signatory

FORM OF FINAL TERMS



CREDIT SUISSE INTERNATIONAL

(registered as an unlimited liability company in England and Wales under No. 2500199)

Final Terms dated [●]

Base Prospectus for 100 per cent. Principal Protected Notes due 2016 subject to Leveraged Formulaic Dynamic Asset Allocation and Linked to the Paerel Funds – Paerel Alternative Fund Portfolio

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set out in the Base Prospectus dated 10 December 2008 (the “**Base Prospectus**”) [as supplemented on [●]], which [together] constitute[s] a base prospectus for the purposes of 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 such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. Copies of the Base Prospectus [and each supplemental Prospectus] are available at the registered office of the Issuer and at the offices of the Offeror, the relevant Distributor(s) and the Paying Agent specified herein.

These Final Terms comprise the final terms for the issue [and public offer in [●]] [and admission to trading on [*specify regulated market*]] of the Securities.]

[Include the next two paragraphs and delete the previous two paragraphs if the Final Terms are drafted for Securities that are not to be listed on an EEA regulated market and are not to be offered to the public in the EEA.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Base Prospectus dated 10 December 2008 (the “**Base Prospectus**”) as supplemented on [●]].

These Final Terms do not constitute final terms for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC). The Issuer is not offering the Securities in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Directive. Nor is any person authorised to make such an offer of the Securities on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing of the Securities on any stock exchange.]

The terms and conditions applicable to the Securities are (1) the General Conditions (2) the Asset Terms (3) the Product Terms and (4) the Issue Specific Terms each set out in the Base Prospectus, as completed by these Final Terms. References to such Base Prospectus are to it as supplemented at the date of these Final Terms.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

PART A – CONTRACTUAL TERMS

- | | | |
|----------|---------------------------|-----|
| 1 | Series Number: | [●] |
| 2 | Tranche Number: | [●] |
| 3 | Issue Price: | [●] |
| 4 | Issue Date: | [●] |
| 5 | Aggregate Nominal Amount: | |
| | – Series | [●] |
| | – Tranche | [●] |
| 6 | Specified Denomination: | [●] |

PART B – OTHER INFORMATION

Terms and Conditions of the Offer

- | | | |
|---|--|--|
| 1 | Offer Price: | <p>[Not Applicable]</p> <p>[[●] per cent. of the nominal amount/[●] per Security]</p> <p>[To be determined on the basis of the prevailing market conditions on or around the Price Determination Date subject to the Maximum Price specified below.</p> <p>Maximum Price: [●] per cent. of the nominal amount/[●] per Security]</p> <p>Price Determination Date: [[●]/the [●] calendar day in each month (or if not a business day, the next following business day)]]</p> |
| 2 | Total amount of the offer. If the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer: | <p>[Not Applicable][●]</p> <p>[To be determined on the basis of the demand for the Securities and prevailing market conditions and published in accordance with Article 8 of the Prospectus Directive.]</p> |
| 3 | Conditions (in addition to those specified in the Base Prospectus) to which the offer is subject: | <p>[Not Applicable]</p> <p>[●]</p> <p>[Right to cancel: The offer may be cancelled if the nominal amount or aggregate number of Securities of purchased is less than the Minimum Amount specified below or if the offer price is greater than the Maximum Price referred to above, or if the Issuer or the relevant Distributor assesses, at its absolute discretion, that any applicable laws, court rulings, decisions by governmental or other authorities or other similar factors render it illegal, impossible or impractical, in whole or part, to complete the offer or that there has been a material adverse change in the market conditions. In case of cancellation, unless otherwise specified by the relevant Distributor, the relevant Distributor will repay the purchase price and any commission paid by any purchaser without interest.</p> <p>Minimum Amount: [●][Not Applicable]]</p> |
| 4 | The time period during which the offer will be open: | <p>[●]</p> |
| 5 | Description of the application | <p>[Not Applicable]</p> |

	process	[•] [Purchases from the relevant Distributors can be made by submitting to the relevant Distributor, a form provided by the relevant Distributor, or otherwise as instructed by the relevant Distributor [at any time from the [•] calendar day to the [•] calendar day (inclusive) in each month].]
6	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[Not Applicable] [•]
7	Details of the minimum and/or maximum amount of application:	[Not Applicable] [•]
8	Details of the method and time limits for paying up and delivering the Securities:	[Not Applicable] [Payments for the Securities shall be made to the relevant Distributor on [[•]/such date as the relevant Distributor may specify] as instructed by the relevant Distributor.] [The Securities are expected to be delivered to the purchasers' respective accounts on or around [[•]/the date as notified by the relevant Distributor].]
9	Manner in and date on which results of the offer are to be made public:	[Not Applicable] [•]
10	Categories of potential investors to which the Securities are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable] [•]
11	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable] [•] [Applicants will be notified by the relevant Distributor of the success of their application. Dealings in the Securities may begin before such notification is made.]
12	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] [•] [The Issuer may pay a commission to Distributors [of up to [•] per cent.] in connection with this offer.]
13	Name(s) and address(es), to the extent known to the Issuer, of the placers (" Distributors ") in the various countries where the offer	[None] [•]

takes place.

14 Market-Maker: /[Not Applicable]

15 Market-making agreement with the Issuer: [Yes]/[No]

Liability for the offer: Any offers made by a Distributor will be made in its own name and not as an agent of the Issuer or the Dealer and only the relevant Distributor will be liable for the relevant offer. Neither the Issuer nor the Dealer accepts any liability for the offer or sale by the relevant Distributor of Securities.

Responsibility

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

Signed on behalf of the Issuer:

By:.....

Duly authorised signatory

By:

Duly authorised signatory