

## IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON, PERSONS WHO ARE NOT NON-UNITED STATES PERSONS OR TO ANY PERSON OR ADDRESS IN THE U.S. (SEE MORE DETAILS BELOW)

**IMPORTANT: You must read the following before continuing.** The following applies to the Series Prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Series Prospectus. In accessing the Series Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AT ANY TIME TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR (AND, FOR THE AVOIDANCE OF DOUBT, THIS MEANS ANY RETAIL INVESTOR WITHIN OR OUTSIDE THE EUROPEAN ECONOMIC AREA ("EEA")). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU ("MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE. CONSEQUENTLY, UNLESS OTHERWISE SPECIFIED, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND NO PERSON HAS REGISTERED NOR WILL REGISTER AS A COMMODITY POOL OPERATOR UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936 AND THE RULES OF THE COMMODITY FUTURES TRADING COMMISSION THEREUNDER (THE "CFTC RULES"). THE SECURITIES MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES (AS SUCH TERM IS DEFINED UNDER RULE 902(I) OF REGULATION S UNDER THE SECURITIES ACT) OR FOR THE ACCOUNT OR BENEFIT OF ANY PERSON WHO IS (I) A U.S. PERSON (AS SUCH TERM IS DEFINED UNDER RULE 902(k)(1) OF REGULATION S UNDER THE SECURITIES ACT), (II) NOT A NON-UNITED STATES PERSON (AS SUCH TERM IS DEFINED UNDER CFTC RULE 4.7, BUT EXCLUDING FOR PURPOSES OF SUBSECTION (D) THEREOF, THE EXCEPTION TO THE EXTENT THAT IT WOULD APPLY TO PERSONS WHO ARE NOT NON-UNITED STATES PERSONS), (III) AN EMPLOYEE BENEFIT PLAN OR OTHER PLAN, ACCOUNT OR ARRANGEMENT THAT IS OR THE ASSETS OF WHICH ARE SUBJECT TO (A) PART 4, SUBTITLE B, TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF

THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (B) ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE OR (IV) A U.S. PERSON (AS DEFINED IN THE CREDIT RISK RETENTION REGULATIONS ISSUED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT 1934, AS AMENDED (THE "EXCHANGE ACT")).

THE FOLLOWING SERIES PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR ANY PERSON WHO IS NOT A NON-UNITED STATES PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Confirmation of your Representation: In order to be eligible to view this Series Prospectus or make an investment decision with respect to the securities, investors must not be a U.S. person or a person who is not a Non-United States person. This Series Prospectus is being sent at your request and by accepting the e-mail and accessing this Series Prospectus, you shall be deemed to have represented to us that you are not a U.S. person or a person who is not a Non-United States person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia and that you consent to delivery of such Series Prospectus by electronic transmission.

You are reminded that this Series Prospectus has been delivered to you on the basis that you are a person into whose possession this Series Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Series Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Series Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and HSBC Bank plc, any person who controls them, any director, officer, employee, agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Series Prospectus distributed to you in electronic format and the hard copy version available to you on request from Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and HSBC Bank plc.

Series Prospectus dated 22 October 2018

**CLOVERIE PUBLIC LIMITED COMPANY**  
**(incorporated with limited liability in Ireland)**

**SERIES PROSPECTUS**

**Series No.: 2018-01**

**EUR 500,000,000 Fixed Rate Notes issued pursuant to its**  
**Secured Note Issuance Programme**

**secured over**  
**EUR 500,000,000 in principal amount of**  
**Senior Notes of Zurich Insurance Company Ltd**

**arranged by**

**CITIGROUP GLOBAL MARKETS LIMITED**

**The attention of investors is drawn to the section headed “Risk Factors”**  
**starting on page 5 of this Series Prospectus**

**Managers**

**CITIGROUP**

**CRÉDIT AGRICOLE CIB**

**DEUTSCHE BANK**

**HSBC**

This Series Prospectus, under which the EUR 500,000,000 Fixed Rate Notes (the “**Notes**”) are issued, incorporates by reference, and should be read in conjunction with, the Base Prospectus dated 7 August 2018 (the “**Base Prospectus**”) relating to the Secured Note Issuance Programme (the “**Programme**”) and the issuance by Cloverie Public Limited Company (the “**Issuer**”) of secured notes under the Programme. Terms defined in the Base Prospectus have the same meanings in this Series Prospectus. This Series Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC (and amendments thereto) (the “**Prospectus Directive**”). The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Series Prospectus constitutes a Prospectus for the purposes of Regulation 13 of the Prospectus (Directive 2003/71/EC) Regulations 2005 and Article 5 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer which 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. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list (the “**Official List**”) and to trading on its Main Securities Market which is a regulated market for the purposes of Directive 2014/65/EU. This Series Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference.

It is expected that the Notes will be rated A+ by S&P Global Ratings Europe Limited (“**S&P**”). The credit ratings included or referred to in this Series Prospectus have been either issued or endorsed by S&P. S&P is established in the European Union and registered under Regulation (EC) 1060/2009 (as amended) on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Appendices to this Series Prospectus form part of, and should be read together with, this Series Prospectus.

If the Issuer is deemed to be a covered fund, then, in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions will impact the ability of certain banking institutions to hold an ownership interest in the Issuer or enter into financial transactions with the Issuer. Investors are required to independently consider the potential impact of the Volcker Rule in respect of any investment in the Notes. See “Risk Factors – Risks relating to U.S. Volcker Rule” in the Base Prospectus.

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

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

The information in Appendix A comprises information reproduced from the Pricing Supplement dated 22 October 2018 (the “**Collateral Pricing Supplement**”) of the Collateral Notes (as defined in “Terms and Conditions – The Security Arrangements”). The information in Appendix B comprises information reproduced from the Collateral Base Prospectus (as defined below). The Issuer confirms that such information has been accurately reproduced from the Collateral Pricing Supplement published by the Collateral Issuer (as defined in “Terms and Conditions – The Security Arrangements”) and the Collateral Base Prospectus (as defined below). The Collateral Pricing Supplement is to be read together with the base prospectus dated 22 May 2018 (as set out at Appendix B to this Series Prospectus) relating to the USD 18,000,000,000 Euro Medium Term Note Programme of Zurich Insurance Company Ltd (the “**Collateral Base Prospectus**”).

So far as the Issuer is aware and is able to ascertain from information published by the Collateral Issuer, no facts have been omitted from the Collateral Pricing Supplement, read together with the Collateral Base Prospectus, which would render the reproduced or incorporated information

inaccurate or misleading. No person is authorised to give any information or to make any representation not contained in this Series Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. To the fullest extent permitted by law, the Issuer and the Managers accept no responsibility whatsoever for any information not included in this Series Prospectus. The Issuer and the Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of any such information. Neither the delivery of this Series Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication (a) that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Series Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Series Prospectus has been most recently amended or supplemented or (b) that any other publicly available information relating to the Issuer, the Notes, the Collateral Notes or the Collateral Issuer is correct.

To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Series Prospectus or for any other statement made or purported to be made by any Manager or on its behalf in connection with the Issuer, the Collateral Notes, the Collateral Issuer or the issue and offering of the Notes. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Series Prospectus or any such statement.

Furthermore, in relation to the issue of the Notes and save as required by all applicable laws, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability to any Noteholder is or will be accepted by the Collateral Issuer as to the accuracy or completeness of the information contained in this Series Prospectus or any other information provided by the Issuer in connection with the issue and offering of the Notes.

No person has been authorised to give any information or to make any representation other than those contained in this Series Prospectus in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

The net proceeds of this issue (net of expenses) will be EUR 495,588,147.15 and will be applied by the Issuer to purchase the Collateral Notes on the Issue Date (as defined herein) and to make payment of certain fees, commission and expenses.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and no person has registered nor will register as a commodity pool operator of the Issuer under the U.S. Commodity Exchange Act of 1936 and the rules of the Commodity Futures Trading Commission thereunder (the “**CFTC Rules**”) and the Notes may not at any time be offered, sold or resold, pledged or otherwise transferred or, in the case of bearer notes, delivered within the United States (as such term is defined under Rule 902(l) of Regulation S under the Securities Act) or to or for the account or benefit of any person who is (i) a U.S. person (as such term is defined under Rule 902(k)(1) of Regulation S under the Securities Act), (ii) not a Non-United States person (as such term is defined under CFTC Rule 4.7, but excluding for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are not Non-United States persons), (iii) an employee benefit plan or other plan, account or arrangement that is or the assets of which are subject to (a) Part 4, Subtitle B, Title I of ERISA or Section 4975 of the Code, or (b) any laws, rules or regulations substantially similar to such provisions of ERISA or the Code or (iv) a U.S. person (as defined in the credit risk retention regulations issued under Section 15G of the Exchange Act). For a description of certain further restrictions on offers and sales of Notes and distribution of the Base Prospectus and the Series Prospectus, see “Subscription and Sale and Transfer Restrictions” in the Base Prospectus.

This Series Prospectus does not constitute, and may not 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 Notes or the distribution of this Series Prospectus in any jurisdiction where such action is required.

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Series Prospectus nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, (iii) a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Schemes Act and neither this Series Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Prospectus nor any other offering and marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to supervision by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection or supervision by such authority.

In this Series Prospectus, unless otherwise specified or the context otherwise requires, references to: (i) "**U.S.\$**", "**USD**" and "**U.S. dollars**" are to United States dollars and (ii) "**€**", "**EUR**" and "**Euro**" are to the single currency adopted and retained by certain member states of the European Community pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

The language of this Series Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## Table of Contents

Risk Factors .....	5
Incorporation by Reference .....	13
Terms and Conditions of the Notes.....	14
Schedule – Amendments to the Base Conditions.....	25
Description of the Issuer .....	39
Collateral Notes Summary .....	40
General Information .....	45
Appendix A – Pricing Supplement of the Collateral Notes .....	47
Appendix B – Collateral Base Prospectus .....	52

## Risk Factors

THE CONSIDERATIONS SET OUT BELOW ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES.

PROSPECTIVE INVESTORS SHOULD ALSO READ THE BASE PROSPECTUS, THE RISK FACTORS SET OUT THEREIN AND THE DETAILED INFORMATION SET OUT ELSEWHERE IN THIS SERIES PROSPECTUS.

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. The Issuer is not in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Series Prospectus (including the Collateral Pricing Supplement, the Collateral Base Prospectus and any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### General

#### The Notes

The Notes are complex instruments that involve substantial risks and are suitable only for sophisticated investors who have sufficient knowledge and experience and access to such professional advisers as they shall consider necessary in order to make their own evaluation of the risks and the merits of such an investment (including without limitation the tax, accounting, credit, legal, regulatory and financial implications for them of such an investment) and who have considered the suitability of such Notes in light of their own circumstances and financial condition. Prospective investors should ensure that they understand the nature of the risks posed by an investment in the Notes, and the extent of their exposure as a result of such investment in the Notes and before making an investment decision, should consider carefully all of the information set forth in the Base Prospectus incorporated by reference herein, this Series Prospectus and the Collateral Base Prospectus and the Collateral Pricing Supplement appended hereto and, in particular, the considerations set forth below. Owing to the structured nature of the Notes, their price may be more volatile than that of unstructured securities.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

#### No fiduciary role

None of the Issuer, the Managers, the Custodian, the Trustee, the Agents (excluding the Issuer and for the purposes of this risk factor only, the “**Transaction Parties**”) or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee) assumes any fiduciary obligation to any purchaser of Notes or any other party, including the Issuer.

None of the Issuer or the Transaction Parties or any of their respective affiliates assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition,



prospects, creditworthiness, status and/or affairs of any issuer or obligor of any Collateral or the terms thereof.

Investors may not rely on the views or advice of the Issuer or the Transaction Parties for any information in relation to any person other than such Issuer, Manager, Custodian, Trustee or Agent respectively.

### **Potential conflicts of interest**

The Managers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Collateral Issuer or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Collateral Issuer or their respective affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Collateral Issuer or their respective affiliates routinely hedge their credit exposure to the Issuer, the Collateral Issuer or their respective affiliates consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's, the Collateral Issuer's or their respective affiliates' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, in connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

### **Risk relating to the Notes**

#### **No gross-up on payments under the Notes**

In the event that any withholding tax or deduction for tax is imposed on payments on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default shall occur as a result of any such withholding or deduction (but see "Early redemption for tax or legal reasons" below).

#### **Notes pay a fixed rate of interest**

To the extent that interest amounts are payable on the Notes (see "Payments on the Notes linked to payments on the Collateral Notes" below), they will bear interest at a fixed rate of interest which remains fixed for the life of the Notes. Any investors holding the Notes will be subject to the risk that any subsequent increases in market interest rates may adversely affect the real return on the Notes (and the value of the Notes).

#### **Early redemption for tax or other reasons**

Upon giving notice to the Trustee and the Noteholders, the Issuer may in certain circumstances, at the direction of the Noteholders by an Extraordinary Resolution, be required to redeem all Notes for specified

tax or other reasons, including as a result of (a) the Issuer being required by the law of any jurisdiction to withhold, deduct or account for tax or (b) the Issuer suffering tax in accordance with the law of any jurisdiction in respect of its income so that it would be unable to make payment of the full amount due, or (c) the Issuer being unable to receive any payment due in respect of the Collateral Notes in full on the relevant due date without deduction for or on account of any tax, back-up withholding or other tax, duties or charges of whatsoever nature imposed by any authority of Switzerland, as detailed in Condition 7.3 (*Redemption for taxation and other reasons*). If the Issuer redeems the Notes early, the Issuer will, if and to the extent permitted by applicable law, redeem the Notes at their Early Redemption Amount as specified in the Conditions. Such Early Redemption Amount is not principal protected and will be calculated in accordance with the Conditions.

As described in “No gross-up on payments under the Notes” above, Noteholders will not be entitled to be reimbursed or receive grossed-up amounts in the event that any withholding tax or deduction tax is imposed on payments of the Notes. With respect to the Collateral Notes, although the terms of the Collateral Notes provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Collateral Issuer shall, subject to certain exceptions, pay additional amounts so that the net amount received by the holders of the Collateral Notes shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such an obligation in respect of interest may contravene Swiss legislation, be null and void and not enforceable in Switzerland. In that event the amount received by the Issuer, as the holder of the Collateral Notes, and the corresponding amounts expected to be payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction.

Condition 7.3 (*Redemption for taxation and other reasons*) and Condition 7.12 (*Redemption for Illegality*) provides that (i) if the Issuer is required to pay any tax, duty or charge of whatsoever nature in respect of any payment received in respect of the Collateral Notes, (ii) if the Issuer is, as a result of a change in, or amendment to, the laws, regulations of the jurisdiction of the Collateral Issuer or in the official interpretation or application of such laws or regulations, required to comply with any reporting requirement of any such authority or (iii) if it is determined by the Issuer or the Calculation Agent that the performance of the Issuer’s obligations under the Notes (including holding the Collateral) has or will become unlawful, illegal or otherwise prohibited in whole or in part, including without limitation, as a result of an enactment of or supplement or amendment to, or a change in law, policy or official interpretation, implementation or application of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority then the Issuer may so inform the Trustee, and shall redeem the Notes. If the Notes become subject to redemption in such circumstances it is likely that the amount realised through the sale of the Collateral Notes will be less than the principal amount of the Notes.

### **Managers’ Security**

The proceeds of the Managers’ Security (as defined in “Terms and Conditions – The Security Arrangements”) will, in the event that the Managers’ Security becomes enforceable, be held by Citicorp Trustee Company Limited in its capacity as Managers’ Trustee (the “**Managers’ Trustee**”) on behalf of itself and the Managers and applied in respect of any Manager’s Claims (as defined in “Terms and Conditions – The Security Arrangements”). Noteholders have no direct or indirect interest in the Managers’ Security and will not be entitled to the proceeds of enforcement of the Managers’ Security.

### **Provision of information**

None of the Issuer, the Trustee, the Managers’ Trustee, any Manager nor any affiliate of such persons makes any representation as to the credit quality of the Collateral Issuer. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Collateral Issuer. None of such persons is under any obligation to make such information directly available to Noteholders. None of such persons is under any obligation to make available any information

relating to, or keep under review on the Noteholders' behalf, the business, financial condition, prospects, creditworthiness or state of affairs of the Collateral Issuer or conduct any investigation or due diligence into the Collateral Notes (either with respect to the Collateral Issuer, or the terms and conditions of the Collateral Notes).

### **Amendments in connection with Regulatory Consequences or Sanctions Event**

The Calculation Agent has the right to make certain amendments ("**Regulatory Amendments**") to the Transaction Documents for the purposes of causing the transactions contemplated therein to comply or to continue to comply with, or to take into account, any relevant Regulatory Consequences or Sanctions Event. Regulatory Amendments can also be made if required to ensure that any Transaction Party (as defined in Condition 14.3) would not be prevented from entering into any transaction agreement in connection with any other Series of Notes.

Any Regulatory Amendments shall be undertaken at the expense of the Calculation Agent and shall be made without the need for the consent of any other party to the Transaction Documents, provided that the criteria outlined within the Conditions are satisfied and any such amendments shall be deemed not to be materially prejudicial to the interests of the Noteholders and shall not require the Trustee's consent. However, for the avoidance of doubt, Regulatory Amendments need not be beneficial to the Issuer or Noteholders and could put the Issuer in a position that is less advantageous than the position it had immediately prior to effecting such Regulatory Amendments (see, for example, "Qualified Financial Contracts" below).

### **Risks relating to the Collateral Notes**

Potential investors should note that the performance of the Notes is linked to the performance of the Collateral Notes and should make their own investigations in respect of the Collateral Issuer and the Collateral Notes, including having regard to the all relevant information including the risk factors and investment considerations set out in the Collateral Base Prospectus and the Collateral Pricing Supplement.

### **Exposure to the market value of the Collateral Notes**

Noteholders may be exposed to the market price of the Collateral Notes. The Issuer, the Trustee (in connection with the realisation or enforcement of the security for the Notes) or the Disposal Agent may in certain circumstances have to effect the sale of the Collateral Notes to fund the Issuer's payment obligations. The market price of the Collateral Notes will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Collateral Issuer.

Additionally, the Collateral Notes are Restricted Notes (as defined in the Collateral Notes Conditions) and therefore, the transfer of the Collateral Notes is subject to certain restrictions, including but not limited to the restrictions set out in Condition 15(a) (*Restrictions on Transfer of Restricted Notes*) and Condition 15(b) (*Grants of Security*) of the Collateral Notes Conditions (the "**Collateral Notes Transfer Restrictions**"). In particular, the Collateral Notes can only be transferred to Qualifying Banks or one single Permitted Non-Qualifying Lender (each as defined in the Collateral Notes Conditions) such that any potential purchasers of the Collateral Notes will be limited. Further, the Collateral Notes are not listed or admitted to trading on any exchange and have not been accepted for clearance through any clearing system. As a result, there will be no established trading market in the Collateral Notes and the Collateral Notes will be illiquid. The illiquidity of the Collateral Notes may have a severely adverse effect on the market value of the Collateral Notes.

In certain circumstances (as more specifically set out in the Agency Agreement), if the Issuer is required to sell the Collateral Notes in order to make a payment on the Notes, Citigroup Global Markets Limited in its capacity as Disposal Agent (the “**Disposal Agent**”) or an affiliate of the Disposal Agent is required, provided that it (or such affiliate, as applicable) can do so in accordance with the Collateral Notes Transfer Restrictions, to purchase the Collateral Notes if the Disposal Agent is unable to obtain any other firm bid quotes from purchasers qualified to purchase the Collateral Notes within a specified period. In this instance, investors should note that the purchase price to be paid (if any) in connection with any such purchase will be zero.

#### **Payments on the Notes linked to payments on the Collateral Notes**

Investors should note that the performance of the Notes is linked to the performance of the Collateral Notes. The Notes may redeem earlier than anticipated due to tax and/or other events affecting the Collateral Notes and/or the Collateral Issuer, all as more particularly set out in the Collateral Pricing Supplement and Condition 7(c) (*Redemption at the option of the Issuer*) (allowing for the optional redemption of the Collateral Notes on any business day during the period from and including three months prior to the Maturity Date (as defined in the Collateral Pricing Supplement) to but excluding the Maturity Date (as defined in the Collateral Pricing Supplement)), Condition 7(e) (*Redemption Due to Taxation*) or Condition 7(f) (*Redemption Due to a Clean-Up Event*) of the Collateral Notes Conditions. The occurrence of any of these events may cause significant losses to Noteholders and may result in the Notes paying no interest and/or the amount of principal payable at redemption may be less than the nominal amount of such Notes and may be zero (for example, in the event that the Collateral Issuer fails to fulfil its payment obligations on redemption of the Collateral Notes).

In no circumstances shall the Trustee or any Noteholder be permitted to take any action against the Collateral Issuer or enforce any claim that the Issuer may have against the Collateral Issuer under the Collateral Notes, and instead such enforcement action may only be taken by the Enforcement Agent on behalf of the Issuer.

**The Noteholders will have no right to physical delivery of the Collateral Notes under the terms of the Notes. Any enforcement of security over the Collateral Notes is subject to the restrictions set forth in the Collateral Notes Conditions. These transfer restrictions severely limit the potential transferees of the Collateral Notes.**

**There is a real risk that the Noteholders may lose all or some of their investment should the Collateral Issuer become insolvent or be subject to winding-up proceedings.**

#### **No withholding and early redemption**

The Collateral Notes Conditions provide that, subject to certain exemptions, the Collateral Issuer shall make all payments of principal and interest on the Collateral Notes, free of any withholding or deduction for or on account of any other taxes, duties or assessments or governmental charges in Switzerland unless such withholding or deduction is required by law. The Issuer and the Managers have received a legal opinion from Swiss counsel of the Collateral Issuer that the Collateral Issuer is not (at the date of issue of the Collateral Notes) required by law to make such deduction or withholding. However, there can be no assurance as to the future impact of any possible administrative or judicial decision or change to any relevant Swiss law and/or administrative practice after the date of issue of the relevant Collateral Notes.

Although the Collateral Notes provide for the payments of additional amounts to be paid by the Collateral Issuer if the Collateral Issuer becomes obliged by Swiss law to make any withholding or deduction in respect of payments of principal and interest under the Collateral Notes, the obligation to pay such additional amounts may be null and void and not be enforceable under Swiss law. In that event the amount received by the Issuer, as the holder of the Collateral Notes, and the corresponding amounts

expected to be payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction, subject to the early redemption for tax provisions.

If the Collateral Issuer becomes obliged to pay additional amounts in respect of the Collateral Notes pursuant to the imposition of any withholding or deduction in respect of payments of principal and interest under the Collateral Notes as a result of a change in, or amendment to the laws and regulations of Switzerland, the Collateral Issuer may redeem all of the Collateral Notes which will result in the redemption of all of the Notes in accordance with Condition 7.2 (*Mandatory Redemption*).

### **Purchase, Exchange or Retirement of Notes: Collateral Tender Offers and Collateral Exchange Offers**

The terms of the Notes provide that in certain circumstances (as set out in the Special Conditions of Condition 7.4 (*Purchases*)), the Issuer may participate in a Collateral Tender Offer or a Collateral Exchange Offer (each as defined in the Special Conditions) of the Collateral Issuer with respect to the Collateral Notes. If, in such circumstances, the Collateral Issuer defaults in the performance of its payment or delivery obligations under the terms of any such Collateral Tender Offer or Collateral Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment or delivery obligations to Noteholders in respect of any corresponding Cloverie Tender Offer or Cloverie Exchange Offer (each as defined in the Special Conditions). Any failure by the Issuer to make a payment or delivery due in connection with any Cloverie Tender Offer or Cloverie Exchange Offer shall constitute a default in payment in respect of the Notes for the purposes of Condition 12.1, leading to the security for the Notes becoming enforceable.

Accordingly, Noteholders must recognise that they will be exposed to the risk of default by the Collateral Issuer in respect of any Collateral Tender Offer or Collateral Exchange Offer, regardless of whether or not they participate in any corresponding Cloverie Tender Offer or Cloverie Exchange Offer. Any Cloverie Tender Offer or Cloverie Exchange Offer is subject to any terms or conditions required by the Trustee and, for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Main Securities Market of Euronext Dublin, all applicable rules and regulations of Euronext Dublin, and to notification to S&P.

### **Exercise of rights under Collateral Notes**

Condition 14.1 (*Meetings of Noteholders*) provides that, other than in circumstances involving a Collateral Tender Offer or a Collateral Exchange Offer, which are subject to the Special Conditions of Condition 7.4 (*Purchases*), the Issuer may exercise any rights in its capacity as holder of the Collateral Notes pursuant to the consent of the Trustee or the authority of an Extraordinary Resolution of the Noteholders and, if such direction is given, the Issuer will act only in accordance with such direction (as more specifically set out in the Trust Deed). In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral Notes, or give any consent or notification or make any declaration in relation to the Collateral Notes, unless it shall have been so requested by the Trustee or by any Extraordinary Resolution of the Noteholders.

In addition, the Issuer shall, if so directed in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders (in each case, a **"Noteholder Direction"**) (subject in each case to its being indemnified to its satisfaction), exercise any rights in its capacity as holder of the Collateral Notes (including to direct the trustee in respect of the Collateral Notes to enforce the terms of the Collateral Notes as contemplated thereby) or its right under the Purchase Agreement to acquire the Collateral Notes in accordance with such direction (as more specifically set out in the Trust Deed).

At any time after the security for the Notes has become enforceable, Citibank, N.A., London Branch in its capacity as Enforcement Agent (the **"Enforcement Agent"**) shall, if the Issuer is directed to do so by any

Noteholder Direction (subject in each case to the Enforcement Agent being indemnified and/or secured to its satisfaction), exercise on behalf of the Issuer as the Issuer's agent any rights of the Issuer in the Issuer's capacity as holder of the Collateral Notes (including to direct the trustee in respect of the Collateral Notes to enforce the terms of the Collateral Notes as contemplated thereby) or the Issuer's right under the Purchase Agreement to acquire the Collateral Notes and the Enforcement Agent will act only in accordance with any Noteholder Direction (as more specifically set out in the Trust Deed).

Without prejudice to the foregoing, in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other secured parties (including the Managers), nor shall the Noteholders and the other secured parties (including the Managers) (when acting in their respective capacities) be permitted, to take any action against the Collateral Issuer or enforce any claim that the Issuer may have against the Collateral Issuer under the Collateral Notes or the Purchase Agreement or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable.

Enforcement of the rights that the Issuer has under the Collateral Notes through the Issuer or the Enforcement Agent on behalf of the Issuer, as the Issuer's agent, whether prior to or after the security created in respect of the Notes has become enforceable, may be subject to delay pending receipt of relevant Noteholder Directions.

#### **Early redemption of the Notes due to early redemption of the Collateral Notes, including Collateral default or Collateral Call**

Generally, Noteholders will be subject to whatever early redemption triggers are applicable to the Collateral Notes as set out in Condition 7(c) (*Redemption at the option of the Issuer*), Condition 7(e) (*Redemption Due to Taxation*) or Condition 7(f) (*Redemption Due to a Clean-Up Event*) of the Collateral Notes Conditions. If any of the Collateral Notes become redeemable or repayable or become capable of being declared due and payable for whatever reason prior to their scheduled maturity date or there is a payment default in respect of any of the Collateral Notes, the Issuer may be required to redeem the Notes in whole on the basis set out in Condition 7.2 (*Mandatory Redemption*). In such circumstances, the Issuer shall redeem each Note on the related Mandatory Redemption Date at its Mandatory Redemption Amount. The amount payable to a Noteholder in such circumstances will be such Note's *pro rata* share of the proceeds of liquidation or realisation of the Collateral Notes and any other assets in respect of the Notes.

The Notes are not principal protected in such circumstances and the amount payable to Noteholders will be calculated in accordance with the Conditions.

#### **Risks relating to business relationships and capacity of Citigroup Global Markets Limited ("Citi")**

The Managers, the Custodian, the Disposal Agent, the Enforcement Agent, the Calculation Agent, the Registrar and any of their affiliates may have existing or future business relationships with the Collateral Issuer (including, but not limited to, lending, depository, risk management, advisory and banking relationships) and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. In addition, the Managers, the Custodian, the Disposal Agent, the Enforcement Agent, the Calculation Agent, the Registrar and any of their affiliates may make a market or hold positions in respect of any of the Collateral Notes. From time to time, the Managers, the Custodian, the Disposal Agent, the Enforcement Agent, the Calculation Agent, the Registrar and any of their affiliates may own significant amounts of Notes.

Citi and its affiliates may act in a number of capacities in respect of the Notes including, without limitation, Manager, Custodian, Disposal Agent, Enforcement Agent, Calculation Agent and the Registrar. Citi and its affiliates acting in such capacities in connection with such Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Citi and its affiliates, including the Trustee and the Managers' Trustee, in their various capacities in connection with the Notes may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

## **U.S. Regulatory considerations**

### **Qualified Financial Contracts**

In September 2017, the Board of Governors of the Federal Reserve System (the "**Board**") adopted a final rule (the "**Final Rule**") imposing restrictions on the ability of a party to call a default under, or to restrict transfers of, certain qualified financial contracts ("**QFCs**") entered into by any top-tier bank holding company identified by the Board as a global systemically important banking organizations ("**GSIBs**") the subsidiaries of any U.S. GSIB (with certain exceptions) or the U.S. operations of any foreign GSIB (with certain exceptions) (together, subject to certain exceptions, "**Covered Entities**"). The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency have adopted parallel rules which are substantively the same as the Final Rule. A QFC includes, among other things, contracts for the purchase or sale of securities and any credit enhancement (including a guarantee as well as a charge, pledge mortgage or other similar credit support arrangement). In respect of this Series of Notes, certain of the Managers and other Transaction Parties (as defined in Condition 14.3) are likely to be Covered Entities to which the Final Rule applies and a number of the Transaction Documents (as non-U.S. law governed contracts) may constitute a QFC.

While the relevant U.S. federal banking laws and regulations (the "**U.S. Special Resolution Regimes**") provide for such restrictions on default rights and transfers, if the relevant contract is not governed by the laws of the United States or a state of the United States, a court outside the United States may decline to enforce such provisions even if a Covered Entity is in a proceeding under a U.S. Special Resolution Regime. To address this, the Final Rule requires a Covered Entity to ensure that each QFC it enters into (a "**Covered QFC**") includes provisions that restrict default rights against the relevant Covered Entities to the same extent as provided under the U.S. Special Resolution Regimes and restrict the exercise of cross-default rights against a Covered Entity based on its affiliate's entry into bankruptcy or similar proceedings. To reflect these requirements, amendments may be made by the Calculation Agent to the Transaction Documents without the need for the consent of any other party to such Transaction Documents (see "Amendments in connection with Regulatory Consequences or Sanctions Event" above)

## **Incorporation by Reference**

The provisions of the Base Prospectus, which constitutes a Base Prospectus for the purposes of the Prospectus Directive, shall be deemed to be incorporated into and form part of this Series Prospectus in their entirety, save that any statement or section contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Series Prospectus to the extent that a statement or section contained herein modifies or supersedes such earlier statement or section (whether expressly, by implication or otherwise). Any statement or section so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Prospectus.

This Series Prospectus must be read in conjunction with the Base Prospectus and the other documents deemed to be incorporated by reference herein and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document, the Base Prospectus and the other documents deemed to be incorporated by reference herein.

The Base Prospectus (which includes the Issuer's audited financial statements in respect of its financial year ending 31 December 2016 and financial year ending 31 December 2015) is available for viewing at, and copies may be obtained free of charge from, the office of the Issuing and Paying Agent and the office of the Issuer.

As at the Issue Date, the Base Prospectus is also available for viewing on the website of Euronext Dublin using the following link:

[www.ise.ie/debt\\_documents/Pacific%20Base%20Prospectus.pdf](http://www.ise.ie/debt_documents/Pacific%20Base%20Prospectus.pdf)



## Terms and Conditions of the Notes

The terms and conditions of the Notes shall consist of the terms and conditions (the “**Base Conditions**”) set out in the Base Prospectus, as amended or supplemented below (including in the Schedule hereto) (the “**Conditions**”). References in the Base Prospectus to terms set out in the Authorised Offering Document shall be deemed to refer to the terms set out below (including the Schedule hereto).

### Provisions appearing on the face of the Notes

1	Issuer:	Cloverie Public Limited Company
2	Relevant Dealer/Lead Manager (including, if Syndicated Issue, Managers):	Pursuant to a Syndication Agreement dated 22 October 2018 (the “ <b>Syndication Agreement</b> ”) between Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and HSBC Bank plc (each, a “ <b>Manager</b> ” and together, the “ <b>Managers</b> ”) and the Issuer, the Managers have agreed, subject to the satisfaction of certain conditions, to subscribe for the Notes at the Issue Price.
3	Series No:	2018-01
4	Tranche No:	1
5	ISIN:	XS1890836296
6	Common Code:	189083629
7	Currency (or Currencies in the case of Dual Currency Notes):	Euro (“ <b>EUR</b> ”)
8	Principal Amount:	
	(i) Series:	EUR 500,000,000
	(ii) Tranche:	EUR 500,000,000
9	(i) Issue Date:	24 October 2018
	(ii) Date Board approval for issuance of Notes obtained:	19 October 2018
10	Issue Price:	99.374 per cent.

### Provisions appearing on the back of the Notes

11	Form:	Registered
12	Denomination(s):	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof.
13	Status:	Secured and limited recourse obligations of the Issuer, secured as provided in item 73 below (under the heading “The Security Arrangements”).
14	Interest Commencement Date (if different from Issue Date):	See Schedule.

15	Interest Basis:	The Notes are Fixed Interest Rate Notes. See Schedule.
16	Interest Rate:	<p>The interest payable in respect of the Notes is linked to interest payments in respect of the Collateral Notes (as defined in paragraph 73(a) below). Subject as provided in Condition 6.1, each Note will pay interest on the Interest Payment Date (as defined in the Schedule) that is, or is the Relevant Business Day immediately following, each Scheduled Collateral Interest Payment Date, at the applicable Collateral Rate of Interest.</p> <p><b>“Collateral Base Prospectus”</b> means the base prospectus dated 22 May 2018 (as set out at Appendix B to this Series Prospectus) relating to the USD 18,000,000,000 Euro Medium Term Note Programme of the Collateral Issuer.</p> <p><b>“Collateral Notes Conditions”</b> means the detailed terms and conditions of the Collateral Notes, set out in the “Terms and Conditions of the Senior Notes” in the Collateral Base Prospectus, as amended and supplemented by the Collateral Pricing Supplement.</p> <p><b>“Collateral Pricing Supplement”</b> means the Pricing Supplement of the Collateral Notes, which is reproduced in Appendix A to this Series Prospectus.</p> <p><b>“Collateral Rate of Interest”</b> means the applicable “Rate of Interest” (as defined in the Collateral Notes Conditions).</p> <p><b>“Scheduled Collateral Interest Payment Date”</b> means 15 December in each year from and including 15 December 2019 to and including 15 December 2028.</p>
17	Interest Payment Date(s):	See Schedule
18	Relevant Time (Floating Rate Notes):	Not Applicable
19	Determination Date(s) (if applicable):	Not Applicable
20	Interest Determination Date (Floating Rate Notes):	Not Applicable
21	Primary Source for Floating Rate:	Not Applicable
22	Reference Banks (Floating Rate Notes):	Not Applicable
23	Relevant Financial Centre (Floating Rate Notes):	Not Applicable
24	Benchmark:	Not Applicable
25	Broken Amount (Fixed Rate	Not Applicable

	Notes):	
26	Representative Amount (Floating Rate Notes):	Not Applicable
27	Relevant Currency (Floating Rate Notes):	Not Applicable
28	Effective Date (Floating Rate Notes):	Not Applicable
29	Specified Duration (Floating Rate Notes):	Not Applicable
30	Margin (Floating Rate Notes):	Not Applicable
31	Rate Multiplier (if applicable):	Not Applicable
32	Maximum/Minimum Interest Rate (if applicable):	Not Applicable
33	Maximum/Minimum Instalment Amount (if applicable):	Not Applicable
34	Maximum/Minimum Redemption Amount (if applicable):	Not Applicable
35	Interest Amount (Fixed Rate Notes):	See Schedule
36	Day Count Fraction:	Not Applicable
37	Interest Period Date(s) (if applicable):	Not Applicable

**Provisions relating to redemption**

38	Redemption Amount:	
	(a) Redemption Amount payable on final maturity pursuant to Condition 7.1:	Final Redemption Amount
	(b) Redemption Amount payable on mandatory redemption pursuant to Condition 7.2:	See Schedule
	(c) Redemption Amount payable on mandatory redemption pursuant to Condition 7.3:	Early Redemption Amount
	(d) Redemption Amount payable on exercise of	Not Applicable

	Issuer's option pursuant to Condition 7.6:	
	(e) Redemption Amount payable on exercise of Noteholder's option pursuant to Condition 7.7:	Not Applicable
	(f) Redemption Amount payable on exercise of Issuer's option pursuant to Condition 7.12:	Early Redemption Amount
39	Maturity Date:	15 December 2028
40	Redemption for taxation reasons permitted on days other than Interest Payment Dates:	Yes
41	Index/Formula (if applicable):	Not Applicable
42	Calculation Agent:	Citibank, N.A., London Branch
43	Dual Currency Notes:	Not Applicable
44	Partly-Paid Notes:	Not Applicable
45	Amortisation Yield (Zero Coupon Notes):	Not Applicable
46	Redemption at the option of the Issuer or other Issuer's option (if applicable):	Not Applicable
47	Redemption at the option of the Noteholders or other Noteholders' Option (if applicable):	Not Applicable
48	Issuer's Option Period:	Not Applicable
49	Noteholders' Option Period:	Not Applicable
50	Instalment Date(s) (if applicable):	Not Applicable
51	Instalment Amount(s) (if applicable):	Not Applicable
52	Noteholders' option to exchange Notes for the Net Asset Amount:	No
53	Unmatured Coupons to become void upon early redemption:	Not Applicable
54	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon	Not Applicable

	(Bearer Notes):	
55	Business Day Jurisdictions for Condition 8.8 (jurisdictions required to be open for payment):	London Business Day
56	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 14.1 (if applicable):	Not Applicable
57	Details of any other additions or variations to the Conditions (if applicable):	Not Applicable.
58	The Agents appointed in respect of the Notes are:	<p>Citibank, N.A., London Branch  Citigroup Centre  Canada Square  Canary Wharf  London E14 5LB  United Kingdom  as the Issuing and Paying Agent, the Calculation Agent,  the Custodian and the Enforcement Agent</p> <p>Citigroup Global Markets Europe AG  Reuterweg 16  60323 Frankfurt  Germany  as the Registrar</p> <p>Citigroup Global Markets Limited  Citigroup Centre  Canada Square  Canary Wharf  London E14 5LB  United Kingdom  as the Disposal Agent</p> <p>Arthur Cox Listing Services Limited  Ten Earlsfort Terrace  Dublin 2  Ireland  as the Irish Listing Agent</p>
59	Purchase, Exchange or Retirement of Notes by the Issuer:	The Issuer may only purchase, exchange or retire Notes in accordance with the Special Conditions (as defined in the Schedule).
60	Settlement method:	Delivery versus payment

### Provisions applicable to Global Notes and Certificates

61	How Notes will be represented on issue:	Global Certificate
62	Applicable TEFRA exemption:	Not Applicable
63	Whether Temporary/Permanent Global Note is exchangeable for Definitive Notes/Individual Certificates at the request of the holder:	Yes, in limited circumstances for Individual Certificates
64	New Global Note:	No
65	Intended to be held in a manner which would allow Eurosystem eligibility:	No. Whilst the designation is specified as “no” at the date of this Series Prospectus, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

### Provisions relating only to the sale and listing of the Notes

66	Details of any additions or variations to the Dealer Agreement:	<p>Each Manager has represented and agreed pursuant to the Syndication Agreement that it will comply with the selling restrictions set out in the Base Prospectus (as if it were a Dealer for that purpose), as amended and supplemented by the following circulation and distribution restrictions:</p> <p><u>Switzerland</u></p> <p>No Manager has publicly offered, sold or advertised, directly or indirectly, nor will it publicly offer, sell or advertise, directly or indirectly, the Notes in, into or from Switzerland. The aggregate principal amount of Notes sold as part of the primary distribution to investors resident in Switzerland will not exceed 30 per cent. of the aggregate principal amount of the Notes.</p> <p>The Issuer has not applied for a listing of the Notes on the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and consequently, the information presented in the Base Prospectus or the Series Prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.</p>
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		Neither this Series Prospectus nor any other offering and marketing material relating to the offering, nor the Issuer nor the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to supervision by any Swiss regulatory authority, e.g., FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.
67	(a) Listing and admission to trading:	This Series Prospectus has been approved by the Central Bank of Ireland (the “ <b>Central Bank</b> ”), as competent authority under Directive 2003/71/EC (as amended) (the “ <b>Prospectus Directive</b> ”). The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.  Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and admitted to trading on its regulated market.
	(b) Estimate of total expenses related to admission to trading:	EUR 3,500
	(c) Date on which the Notes will be admitted to trading:	24 October 2018
68	Dealers’ Commission:	EUR 1,000,000 to be deducted from the proceeds of the issue.
69	Method of Issue:	Syndicated Issue
70	The following Dealers are subscribing to the Notes:	Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and HSBC Bank plc
71	Prohibition of Sales to EEA Retail Investors:	Applicable
72	Rating:	It is expected that the Notes will be rated A+ by S&P Global Ratings Europe Limited (“ <b>S&amp;P</b> ”).  S&P is established in the European Union and registered under Regulation (EC) 1060/2009 (as amended) on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

### The Security Arrangements

73	Mortgaged Property:	
	(a) Collateral:	The Collateral shall comprise EUR 500,000,000 in principal amount of Senior Notes (the “ <b>Collateral Notes</b> ”) of Zurich Insurance Company Ltd (the “ <b>Collateral Issuer</b> ”), which will be registered in the name of the Issuer and any certificate(s) issued in respect

thereof will be held by the Custodian acting through its London branch pursuant to the Custody Agreement and the Agency Agreement subject to the security interests in favour of the Trustee created by the Trust Deed.

**“Agency Agreement”** means the agency agreement dated 25 February 1997 as amended and restated on 7 August 2018 (and as further amended and/or supplemented from time to time) and as amended and supplemented for the purposes of the Notes by a supplemental agency agreement to be dated on or about 24 October 2018 (and as further amended and/or supplemented from time to time) between, *inter alios*, the Issuer, the Issuing and Paying Agent, the Disposal Agent, the Custodian and the Trustee (the **“Supplemental Agency Agreement”**).

(b) Security:

(i) Order of priorities:

Other Priority, as follows:

In respect of the application of the proceeds of realisation or enforcement of the security for the Series, but not the application of the proceeds of realisation or enforcement of the Managers' Security, the proceeds shall be held on trust and applied:

- (i) *first*, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Trustee or any receiver in relation to that Series in preparing and executing the trusts under the Principal Trust Deed and the relevant Supplemental Trust Deed (including any taxes required to be paid, the costs of realising any such security and the Trustee's remuneration);
- (ii) *secondly*, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security under the terms of the Principal Trust Deed and the relevant Supplemental Trust Deed (including any taxes required to be paid, the costs of realising or enforcing any such security and the Enforcement Agent's remuneration);
- (iii) *thirdly*, in relation to such Series, in meeting the claims (if any) of the Custodian, the Issuing and Paying Agent, or any Paying Agent for reimbursement in respect of any payment of interest, principal or other redemption amounts made to the holders of Notes of such Series, as the case may be, and in payment or satisfaction of the fees, costs, charges, expenses and liabilities (if any)



properly incurred by the Disposal Agent in acting as disposal agent of the Issuer in respect of the disposal of the Collateral Notes;

- (iv) *fourthly*, rateably in meeting the claims (if any) of the holders of Notes of such Series; and
- (v) *fifthly*, in payment of the balance (if any) to the Issuer.

In respect of the application of the proceeds of realisation or enforcement of the Managers' Security, the proceeds shall be held on trust and applied:

- (i) *first*, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Managers' Trustee in preparing and executing the trusts under the Principal Trust Deed and the relevant Supplemental Trust Deed (including any taxes required to be paid, the costs of realising any such security and the Trustee's remuneration);
- (ii) *secondly*, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Managers' Security under the terms of the Principal Trust Deed and the relevant Supplemental Trust Deed (including any taxes required to be paid, the costs of realising or enforcing any such security and the Enforcement Agent's remuneration);
- (iii) *thirdly*, in meeting any Manager's Claim (as defined below); and
- (iv) *fourthly*, in payment of the balance (if any) to the Issuer.

- (ii) Details of any other security or modifications to any security

#### **Managers' Security**

Pursuant to the Trust Deed in relation to the Notes, the Issuer:

- (i) will assign by way of security in favour of Citicorp Trustee Company Limited, in its capacity as Managers' Trustee (the "**Managers' Trustee**"), to hold for itself and as trustee for the Managers and the Enforcement Agent, the Issuer's rights, title and interest under the purchase agreement dated 22 October 2018 (and as amended and/or supplemented from time to time) between the Issuer and the Collateral Issuer relating to the purchase of the Collateral Notes by the Issuer (the "**Purchase Agreement**"), but excluding the Issuer's right under

the Purchase Agreement to acquire the Collateral Notes;

- (ii) will charge in favour of the Managers' Trustee, to hold for itself and as trustee for each Manager and the Enforcement Agent, by way of first fixed charge the proceeds of, income from and sums arising from the enforcement of any claim under the Purchase Agreement, except for the claim of the Issuer in relation to its right to acquire the Collateral Notes; and
- (iii) will assign by way of security in favour of the Managers' Trustee, to hold for itself and as trustee for each Manager, the Issuer's rights, title and interest under the Trust Deed insofar as the same relates to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets of the Issuer referred to in paragraphs (i) and (ii) above,

(together, the "**Managers' Security**"). The Managers' Security is granted as continuing security in respect of any claim a Manager may have (a "**Manager's Claim**") against the Issuer under the Syndication Agreement arising from any representation, warranty, covenant or agreement given therein by the Issuer regarding the Collateral Notes, the Collateral Issuer, the Collateral Base Prospectus and the Collateral Pricing Supplement prepared by the Collateral Issuer in respect of the Collateral Notes.

No Noteholder shall have any interest in the Managers' Security and the Managers' Security shall not form part of the Mortgaged Property. If the Managers' Security becomes enforceable, the security for the Notes shall not consequently become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.

Each Manager, in respect of the Managers' Security, is subject to limited recourse provisions equivalent to those set out in Condition 4.8 and Condition 13 in respect of the Mortgaged Property, in accordance with the provisions of the Syndication Agreement and the Trust Deed in relation to the Notes.

No Manager (when acting in such capacity) is permitted to take any action against the Collateral Issuer or to enforce any claim that the Issuer may have against the Collateral Issuer under the Collateral Notes or the Purchase Agreement or otherwise whether before, upon, or after the Managers' Security becoming enforceable.

The Managers must rely on similar (but not identical) rights to those of the Noteholders, including a right of consultation and agreement with the Issuer (or the Enforcement Agent acting as agent of the Issuer) in relation to any such action or the enforcement of any such claim and/or a right to remove the Managers' Trustee, in each case in accordance with the provisions of the Trust Deed in relation to the Notes.

The assignment by way of security in favour of the Trustee of the Issuer's right under the Purchase Agreement to acquire the Collateral Notes, and the first fixed charge in favour of the Trustee of all proceeds from, income from and sums arising from enforcement of any claim under the Purchase Agreement but only if such claim relates to the Issuer's right to acquire the Collateral Notes, shall form part of the Mortgaged Property.

	(c) Option Agreement (if applicable):	Not Applicable
	(d) Swap Agreement (if applicable):	Not Applicable
	(e) Details of Credit Support Document (if applicable):	Not Applicable
74	Noteholder Substitution of Collateral:	Not Applicable
75	Disposal Agent Purchase of Affected Collateral:	Applicable
76	Business Days (in respect of Condition 4.4):	London and TARGET

#### **Conflict of interests**

Citigroup Global Markets Limited, Citibank, N.A. London Branch and their affiliates will play several different roles in connection with the Notes including, respectively, as Manager and Calculation Agent. The existence of such multiple roles and responsibilities for such entities creates possible conflicts of interest, as further described in "General - Potential conflicts of interest" and "Risk Factors relating to business relationships and capacity of Citigroup Global Markets Limited ("Citi")" above.

**Schedule –  
Amendments to the Base Conditions**

For the purposes of this Series of Notes:

**Condition 4.4 (*Disposal Agent*)**

Condition 4.4 (*Disposal Agent*) shall be deleted and replaced with the following:

“If the Issuer becomes obliged under the Conditions to sell the Collateral Notes in order for it to make a payment under the Conditions, or if the Security (including in respect of the Collateral Notes) constituted by the Trust Deed becomes enforceable (such Collateral Notes in either case being the “**Affected Collateral**”), the Disposal Agent, acting as the Issuer’s agent, shall within the Disposal Period use reasonable endeavours and act in a commercially reasonable manner to arrange the sale of the Affected Collateral in one or multiple portions (as selected by the Disposal Agent in its sole and absolute discretion) for settlement no later than the Affected Collateral Settlement Date.

The Disposal Agent may effect any sale of all or part of the Affected Collateral at any time and at different times on or prior to the Disposal Cut-off Date or in stages in respect of smaller portions. In respect of each portion of Affected Collateral to be sold (each a “**Required Portion of Affected Collateral**”), the Disposal Agent shall seek firm bid quotes from a minimum of five (5) Qualifying Banks (which may include the Disposal Agent or its affiliates unless otherwise stated in the relevant Authorised Offering Document or the relevant Supplemental Trust Deed that the Disposal Agent or its affiliates are not permitted to purchase the Affected Collateral) in its sole and absolute discretion for the purchase of any such Required Portion of Affected Collateral (each a “**Bid Quotation**”). Upon receipt of at least two Bid Quotations on a Disposal Business Day, the Disposal Agent shall sell the relevant portion of Affected Collateral on behalf of the Issuer at the highest Bid Quotation received. If the Disposal Agent has not obtained at least two (2) Bid Quotations on or prior to the Disposal Cut-Off Date, then on the Final Disposal Cut-Off Date, the Disposal Agent shall seek firm bid quotes from a minimum of five (5) Qualifying Banks (which may or may not include any of the Qualifying Banks from which Bid Quotations were originally sought). Upon receipt of at least two Bid Quotations on the Final Disposal Cut-Off Date, the Disposal Agent shall sell the relevant portion of Affected Collateral on behalf of the Issuer at the highest Bid Quotation received. If the Disposal Agent is unable to obtain at least two Bid Quotations on the Final Disposal Cut-Off Date in respect of a Required Portion of Affected Collateral, the Disposal Agent shall, if a single Bid Quotation is available on the Final Disposal Cut-Off Date, sell such relevant Required Portion of Affected Collateral on behalf of the Issuer at such Bid Quotation. The Disposal Agent may select the Qualifying Banks from which to obtain Bid Quotations at its sole discretion and will not be liable to the Issuer or any other party hereto merely because another Qualifying Bank would have offered a higher Bid Quotation.

In the event that (i) no Bid Quotations are received by the Disposal Agent; or (ii) the Bid Quotations received by the Disposal Agent are equal to zero, in respect of any Required Portion of Affected Collateral on the Final Disposal Cut-Off Date (the “**Remaining Affected Collateral**”), then either the Disposal Agent or an affiliate of the Disposal Agent (provided the Disposal Agent or such affiliate is a Qualifying Bank) shall purchase the Remaining Affected Collateral from the Issuer for settlement on the Affected Collateral Settlement Date at a price of zero. For the purposes of determining the Early Redemption Amount, the net realised proceeds of the sale of the Affected Collateral will be deemed to be (a) zero, in the case where the Remaining Affected Collateral comprises all of the Collateral for the Series or (b) otherwise, the aggregate net realised proceeds of all portions of the Affected Collateral previously sold by the Disposal Agent prior to the Final Disposal Cut-Off Date.

The Disposal Agent may take such steps as it considers appropriate in order to effect an orderly sale of all or a portion of the Affected Collateral. For the avoidance of doubt, the Disposal Agent (i) shall not be obliged to delay arrangements for the sale of all or a portion of the Affected Collateral beyond the Affected Collateral Settlement Date and will not be liable to the Issuer or any party hereto because a higher price could have been obtained had the sale been so delayed and (ii) will not be liable to the Issuer or any Secured Party or other person because a higher price could have been obtained had the sale of such Affected Collateral taken place (a) at a different time or (b) in different portions than when the actual liquidation was effected.

The Disposal Agent or an affiliate of the Disposal Agent (as applicable) shall be subject to the transfer restrictions applicable to the Collateral Notes in relation to any disposal of the Collateral Notes, including but not limited to the restrictions set out in Condition 15(a) (*Restrictions on Transfer of Restricted Notes*) and Condition 15(b) (*Grants of Security*) of the Collateral Notes Conditions. The Disposal Agent shall not, and shall not be required to, dispose of the Collateral Notes where such disposal would violate any such transfer restrictions.

In this Condition 4.4:

**“Affected Collateral Settlement Date”** means the date occurring one Business Day prior to the Settlement Date.

**“Business Day”** means a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business in London and on which the TARGET System is operating.

**“Disposal Business Day”** means any Business Day selected by the Disposal Agent in its sole and absolute discretion within the Disposal Period to and including the Disposal Cut-Off Date. If the Disposal Agent is unable to obtain two or more Bid Quotations on such Disposal Business Day, it may designate any subsequent Business Day falling on or prior to the Disposal Cut-Off Date as a Disposal Business Day.

**“Disposal Commencement Date”** means:

- (i) other than in connection with any enforcement of Security, the date occurring five Business Days (or such shorter period as may be required by the Conditions) prior to the Settlement Date, unless on such date the amount of the payment required to be made on the Settlement Date has not been determined, in which case the “Disposal Commencement Date” shall be the date on which the amount of such payment is determined or if such date is not a Business Day, the next following Business Day; or
- (ii) in connection with any enforcement of Security, the date falling 30 calendar days following the date on which Noteholders are notified in accordance with the terms and conditions of the Notes that the Disposal Agent is to begin the process of disposing of the Collateral Notes in accordance with the terms of the Agency Agreement or, if such 30th calendar day is not a Business Day, the immediately following Business Day.

**“Disposal Cut-Off Date”** means one Business Day prior to the Final Disposal Cut-Off Date.

**“Disposal Period”** means the period from and including the Disposal Commencement Date to and including the Disposal Cut-off Date.

**“Final Disposal Cut-Off Date”** means a date to be determined by the Disposal Agent in its sole and absolute discretion being not less than one Business Day prior to the Affected Collateral Settlement Date.

**“Qualifying Bank”** means a person or entity which (i) effectively conducts banking activities with its own infrastructure and staff as its principal business purpose and which has a banking licence in full

force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch and (ii) is organised under the laws of a country which is a member of the Organisation for Economic Co-operation and Development (OECD).

“**Settlement Date**” means:

- (i) other than in connection with any enforcement of Security, the date on which the Issuer is required to make a payment under the terms and conditions of the Notes; and
- (ii) in connection with any enforcement of Security, the date occurring 30 calendar days following the Disposal Commencement Date or, if such 30th calendar day is not a Business Day, the immediately following Business Day.

Citigroup Global Markets Limited in its capacity as Disposal Agent will act as Disposal Agent in relation to the disposal of the Collateral Notes (including in connection with any enforcement of the Security (as defined in the Trust Deed) constituted by the Trust Deed), and may itself or its affiliates make an offer to purchase the Collateral Notes (unless otherwise stated in the relevant Authorised Offering Document or the relevant Supplemental Trust Deed that the Disposal Agent or its affiliates are not permitted to purchase the Affected Collateral and subject to the restrictions set forth in Condition 4.6 (*Realisation and Enforcement of Security*)), as specified in the Supplemental Trust Deed.

In connection with any such disposal by the Disposal Agent, the Issuer or its agent shall give notice to the Noteholders in accordance with Condition 17 (*Notices*) that the Disposal Agent is to begin the process of disposing of the Collateral Notes in accordance with the terms of the Agency Agreement.”

#### **Condition 4.6 (*Realisation and Enforcement of Security*)**

Condition 4.6 (*Realisation of security*) shall be amended by:

- (i) adding the words “and/or secured” following the words “without first being indemnified” at the end of the first sentence thereof;
- (ii) deleting sub-clause 4.6.3 thereof and replacing it with the following:

“**4.6.3** if sums are due to the Enforcement Agent and/or the Custodian and/or the Issuing and Paying Agent and/or any Paying Agent and/or the Registrar (the claims in respect of which are Secured Liabilities) and the Trustee is so directed in writing by the Enforcement Agent and/or the Custodian and/or the Issuing and Paying Agent and/or any Paying Agent and/or the Registrar (unless this would in the Trustee’s opinion be contrary to the interests of the holders of Notes, subject to Clause 6.19 of the Principal Trust Deed (if applicable)),”; and

- (iii) adding the following additional text at the end thereof:

“The Security constituted by the Trust Deed shall, in addition to in the circumstances set out in Condition 12 (*Events of Default*), forthwith become enforceable, as provided in the Trust Deed, (i) if there is any default in the payment of any Redemption Amount on the date such Redemption Amount is due or (ii) if there is any default in the payment of any amount due under the Collateral Notes on the Collateral Redemption Date.

Any realisation and/or enforcement of the Security over the Collateral Notes or exercise of any right in respect of the Collateral Notes shall be subject to the restrictions set forth in the Collateral Notes Conditions, including, but not limited to, Condition 15(a) (*Restrictions on*

*Transfer of Restricted Notes*) and Condition 15(b) (*Grants of Security*) of the Collateral Notes Conditions.”.

#### **Condition 4.9 (*Substitution of Mortgaged Property*)**

Condition 4.9 (*Substitution of Mortgaged Property*) shall not apply in respect of the Collateral Notes, but shall apply in respect of the remainder of the Mortgaged Property.

#### **Condition 4.11 (*Issuer's rights as holder of Collateral*)**

Condition 4.11 (*Issuer's rights as holder of Collateral*) shall be deleted and replaced with the following:

##### **“4.11 Issuer's rights as holder of Collateral Notes**

The Issuer may exercise any rights in its capacity as holder of the Collateral Notes only with the consent of the Trustee or as directed by an Extraordinary Resolution of the Noteholders or, where applicable, in accordance with Condition 7.4 (*Purchases*) or Condition 13.1 (*Meetings of Noteholders*) and, if such consent or direction is given, the Issuer will act only in accordance with such consent or direction. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral Notes, or give any consent or notification or make any declaration in relation to the Collateral Notes, unless the Trustee has given its consent or the Issuer has been directed to do so by an Extraordinary Resolution of the Noteholders and in either case, the Issuer has been prefunded or otherwise indemnified for any associated costs related thereto or, where applicable, in accordance with Condition 7.4 (*Purchases*) or Condition 14.1 (*Meetings of Noteholders*).”.

#### **Condition 6.1 (*Interest Rate and Accrual*)**

Condition 6.1 (*Interest Rate and Accrual*) shall be deleted and replaced with the following:

##### **“6.1 Interest Rate and Accrual**

The Notes are Fixed Interest Rate Notes.

Each Note bears interest from (and including) the Interest Commencement Date on the basis of the relevant Interest Amount calculated in respect of each relevant Interest Payment Date. For each Interest Payment Date on which a Note is outstanding, the relevant Interest Amount shall be due and payable in arrear in respect of the Denomination of the relevant Note on such Interest Payment Date.

If payment of principal is improperly withheld or refused on the due date for redemption, interest will continue to accrue (both before and after judgment) on any overdue principal from the due date for redemption to the Relevant Date at the Collateral Default Interest Rate.

As used herein:

**“Collateral Default Interest Rate”** means the interest rate applicable to the Collateral Notes in the event a payment of principal is improperly withheld or refused in accordance with Condition 6(a) (*Interest Basis*) of the Collateral Note Conditions.

**“Collateral Interest Amount”** means any interest amount payable in respect of the Collateral Notes, including but not limited to scheduled Interest Payments (as defined in the Collateral Notes Conditions), to the extent that the relevant interest amount is actually received by the Issuer.

**“Collateral Interest Payment Date”** means any date on which a Collateral Interest Amount is payable.

“**Collateral Issue Date**” means the “Issue Date” of the Collateral Notes (as defined in the Collateral Notes Conditions).

“**Interest Amount**” means, in respect of the Denomination of the relevant Note and an Interest Payment Date, its *pro rata* share of an amount equal to any Collateral Interest Amount received by the Issuer in respect of the Interest Calculation Date relating to such Collateral Interest Amount.

“**Interest Calculation Date**” means in respect of a Collateral Interest Amount, the Collateral Interest Payment Date relating thereto or, if later, the later of (i) the date on which the Issuer receives payment of the Collateral Interest Amount relating to such Collateral Interest Payment Date and (ii) the date on which the Calculation Agent is notified by or on behalf of the Issuer of the Collateral Interest Amount relating to such Collateral Interest Payment Date and has received any information required in order to enable the Calculation Agent to determine the related Interest Amount.

“**Interest Commencement Date**” means the Collateral Issue Date.

“**Interest Payment Date**” means the relevant Interest Calculation Date or, where the Calculation Agent determines that payment of any related Interest Amount on such date is not possible or practicable, the Relevant Business Day immediately following such Interest Calculation Date.”

### **Condition 6.6 (*Calculations*)**

Condition 6.6 (*Calculations*) shall be deleted and replaced with the following:

#### **“6.6 Calculations**

In respect of each Interest Payment Date, the Calculation Agent shall, subject to the paragraph below, calculate the Interest Amount due and payable on such Interest Payment Date in respect of each Note outstanding on such Interest Payment Date.

In order to enable the Calculation Agent to perform its functions under these Conditions, the Issuer shall provide to the Calculation Agent (or procure the provision of) any information required in order to enable the Calculation Agent to determine any Interest Amount, Redemption Amount or other amount payable hereunder. The Calculation Agent shall not be liable for any failure to comply with its obligations under these Conditions as a result of any failure of the Issuer to provide any such information.”

### **Condition 7.2 (*Mandatory Redemption*)**

Condition 7.2 (*Mandatory Redemption*) shall be deleted and replaced with the following:

#### **“7.2 Mandatory Redemption**

If at any time the Collateral Notes become redeemable or repayable in accordance with the Collateral Notes Conditions (other than on the scheduled maturity date of the Collateral Notes), the Issuer shall redeem each Note on the related Mandatory Redemption Date at its Mandatory Redemption Amount.

“**Collateral Redemption Amount**” means any amount equal to the amount payable on redemption or repayment of the Collateral Notes (but excluding any amount included in any Collateral Interest Amount or any amount payable in connection with any Tender Offer or Exchange Offer), once the Collateral Notes have become redeemable or repayable in accordance with the provisions of Condition 7(c) (*Redemption at the option of the Issuer*), Condition 7(e) (*Redemption Due to Taxation*) or Condition 7(f) (*Redemption Due to a Clean-Up*



Event) of the Collateral Notes Conditions, to the extent that the relevant amount is actually received by the Issuer.

**“Collateral Redemption Date”** means any date on which the Collateral Notes are redeemable or repayable prior to their scheduled maturity date, including but not limited to any such date arising as a result of a redemption following the Collateral Issuer exercising its option to redeem the Collateral Notes under Condition 7(c) (*Redemption at the Option of the Issuer*) of the Collateral Notes Conditions or a redemption for tax reasons under Condition 7(e) (*Redemption Due to Taxation*) of the Collateral Notes Conditions or a redemption due to a Clean-Up Event (as defined in the Collateral Notes Conditions) under Condition 7(f) (*Redemption Due to a Clean-Up Event*) of the Collateral Notes Conditions.

**“Mandatory Redemption Amount”** means, in respect of the Denomination of the relevant Note, its *pro rata* share of an amount equal to the Collateral Redemption Amount.

**“Mandatory Redemption Date”** means the relevant Redemption Calculation Date or, where the Calculation Agent determines that payment of any related Mandatory Redemption Amount on such date is not possible or practicable, the Relevant Business Day immediately following such Redemption Calculation Date.

**“Redemption Calculation Date”** means the Collateral Redemption Date or, if later, the later of (i) the date on which the Issuer receives payment of the Collateral Redemption Amount relating to such Collateral Redemption Date and (ii) the date on which the Calculation Agent is notified by or on behalf of the Issuer of the Collateral Redemption Amount relating to such Collateral Redemption Date and has received any information required in order to enable the Calculation Agent to determine the related Mandatory Redemption Amount.

### **Condition 7.3 (*Redemption for taxation and other reasons*)**

Condition 7.3 (*Redemption for taxation and other reasons*) shall be interpreted as follows:

If a tax deduction or withholding (collectively, a **“Tax Deduction”**) is required by law to be made by the Collateral Issuer in respect of any payment of principal or interest in respect of the Collateral Notes for any taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of Switzerland, Condition 7.3.2 of the Notes shall not apply to such Tax Deduction if there is an actual payment by the Collateral Issuer of a corresponding payment of additional amounts pursuant to paragraph (a)(ii) of Condition 8 (*Taxation*) of the Collateral Notes Conditions such that the amount received by the Issuer in respect of the Collateral Notes equals the amount that would have been received by it had no such deduction or withholding been required.

Condition 7.3 (*Redemption for taxation and other reasons*) shall be amended by:

- (i) in the paragraph above Condition 7.3.1, replacing the words “If any of the following applies” with the words “If any of the circumstances set out in Conditions 7.3.1 or 7.3.2 below applies”;
- (ii) Condition 7.3.1 shall be deleted and replaced with the following:

“If the Issuer on the occasion of the next payment due in respect of the Notes (a) would be required by the law of any jurisdiction to withhold, deduct or account for tax or (b) would suffer tax in accordance with the law of any jurisdiction in respect of its income so that it would be unable to make payment of the full amount due, in each case excluding where such withholding, deduction or accounting is imposed on account of an Information Reporting Regime, then the Issuer shall so inform the Trustee on becoming aware of such and the Issuer shall, as soon as reasonably practicable, redeem all but not some only of the Notes save where Condition 7.3.3 below applies; and/or”;

- (iii) In Condition 7.3.2(iv) the words “is required to comply with any reporting requirement of any such authority” shall be deleted and replaced with the words “is, as a result of a change in, or amendment to, the laws, regulations of the jurisdiction of the Collateral Issuer or in the official interpretation or application of such laws or regulations, required to comply with any reporting requirement of any such authority”;
- (iv) in Condition 7.3.2 the words “in each case including where such tax, duty, charge or reporting requirement is imposed on account of an Information Reporting Regime, then the Issuer shall so inform the Trustee and the Issuer shall redeem all but not some only of the Notes save where Condition 7.3.3 (*Disapplication of Conditions 7.3.1 and 7.3.2*) below applies” shall be deleted and replaced with the words “in each case excluding where such tax, duty, charge or reporting requirement is imposed on account of an Information Reporting Regime, then the Issuer shall so inform the Trustee and the Issuer shall redeem all but not some only of the Notes save where Condition 7.3.3 below applies”;
- (v) Condition 7.3.3 shall be deleted and replaced with the following:
- “Notwithstanding Condition 7.3.1, 7.3.2 or 7.3.6 (as applicable), if the requirement to withhold, deduct or account for any present or future taxes, duties or charges of whatsoever nature or any fine or penalty referred to in any such Conditions arises solely by reason of one or more of (a) any Noteholder’s, Couponholder’s or beneficial owner of Notes’ connection with a relevant taxing jurisdiction otherwise than by reason only of the holding of any Note or receiving or being entitled to any payment in respect thereof, or (b) the failure or inability of the relevant Noteholder, Couponholder or beneficial owner of Notes to comply with Condition 10.2 (whether or not Excluded Circumstances exist), then, to the extent the Issuer is able to deduct such taxes, duties, charges, fines or penalties, as applicable, from the amounts payable to such Noteholder or Couponholder without impairing payments to other Noteholders and Couponholders, Condition 7.3.1, 7.3.2 or 7.3.6, as applicable, shall not apply and the Issuer shall deduct such taxes, duties, charges, fines or penalties, as applicable, from the amounts payable to such Noteholder or Couponholder and all other Noteholders and Couponholders shall receive the due amounts payable to them and the Issuer shall not redeem the Notes pursuant to Condition 7.3.1, 7.3.2 or 7.3.6, as applicable.”
- (vi) The following Condition 7.3.6 shall be inserted after Condition 7.3.5:
- “If the Issuer, (i) on the occasion of the next payment due in respect of the Notes, (a) would be required by an Information Reporting Regime to withhold, deduct or account for tax or (b) would suffer tax in accordance with an Information Reporting Regime in respect of its income so that it would be unable to make payment of the full amount due; or (ii) (a) is or will be unable to receive any payment due in respect of the Collateral forming part of the Mortgaged Property in full on the due date therefor without deduction for or on account of any withholding tax, back-up withholding or other tax, duties or charges of whatsoever nature on account of an Information Reporting Regime; (b) is required to pay any tax, duty or charge of whatsoever nature in respect of any payment received in respect of the Collateral forming part of the Mortgaged Property on account of an Information Reporting Regime or (c) is, as a result of a change in, or amendment to, the laws, regulations of the jurisdiction of the Collateral Issuer or in the official interpretation or application of such laws or regulations on account of an Information Reporting Regime, required to comply with any reporting requirement of any such authority, then the Issuer shall promptly inform the Trustee and the Noteholders of such event and if the Noteholders within 80 days of such notice direct the Issuer by way of Extraordinary Resolution to redeem all but not some of the Notes, then the Issuer shall within 30 days of such direction (the “**Early Redemption**

**Date**”), redeem all but not some only of the Notes at their outstanding Redemption Amount. In such circumstances, the Disposal Agent will sell the Collateral Notes pursuant to the terms of the Agency Agreement in order to fund such redemption.

For the purpose of this Condition 7.3, reference to “outstanding Redemption Amount” means, in respect of each Note, its *pro rata* share of the net realised sale proceeds of the Collateral Notes following their sale by the Disposal Agent pursuant to the relevant terms governing the sale of the Collateral Notes in the Agency Agreement and after any withholding or deduction that may be required by the relevant Information Reporting Regime, or otherwise, in connection with the sale of the Collateral Notes or the distribution of the outstanding Redemption Amount to Noteholders.”.

#### **Condition 7.4 (Purchases)**

Condition 7.4 (*Purchases*) shall be deleted and replaced with the following:

##### **“7.4 Purchases**

The Issuer may only purchase, exchange or retire the Notes in accordance with the special conditions below (the “**Special Conditions**”):

- (i) If at any time the Collateral Issuer makes an offer to the Issuer, or to the Custodian on behalf of the Issuer, to purchase the Collateral Notes for cash consideration or to receive the Notes for cancellation (a “**Collateral Tender Offer**”) or for non-cash assets (a “**Collateral Exchange Offer**”), then the Issuer shall only accept such Collateral Tender Offer or Collateral Exchange Offer (notwithstanding anything to the contrary in Condition 14.1 (*Meetings of Noteholders*)), and the Trustee shall only be permitted to release the Security created over the Collateral Notes pursuant to the Trust Deed, in accordance with paragraphs (ii) to (v) below.
- (ii) Subject to paragraphs (iii) to (v) below, upon the occurrence of:
  - (a) a Collateral Tender Offer, the Issuer shall make an offer to purchase the Notes for cash consideration or to receive the Notes for cancellation (a “**Cloverie Tender Offer**”); or
  - (b) an Collateral Exchange Offer, the Issuer shall exchange the Notes for non-cash assets (a “**Cloverie Exchange Offer**”),

provided in each case that (other than in the case of the Issuer receiving Notes for cancellation) in the reasonable opinion of the Issuer, the Issuer would not be materially disadvantaged by such Cloverie Tender Offer or Cloverie Exchange Offer, as the case may be.

- (iii) Any Cloverie Tender Offer or Cloverie Exchange Offer may only be made on a limited recourse basis and upon terms that will ensure that after any such purchase, cancellation or exchange of Notes, the aggregate principal amount of Notes outstanding will be the same as the aggregate principal amount of Collateral Notes outstanding. The Issuer shall not make a Cloverie Tender Offer or a Cloverie Exchange Offer (A) other than in the case of the Issuer receiving Notes for cancellation, without first having entered into an agency agreement with an agent to act as tender agent or, as the case may be, exchange agent for the Issuer in connection with the Cloverie Tender Offer or the Cloverie Exchange Offer and (B) without first being satisfied that its costs and expenses in connection with the same will be met, and subject to Standard & Poor's (or any other applicable rating agency), being notified of the same. Furthermore, any Cloverie Tender Offer or Cloverie Exchange Offer shall be subject to any terms and conditions required by the Trustee and shall, for as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin, be in accordance with all applicable rules and regulations of Euronext Dublin. The

Issuer shall forthwith notify Standard & Poor's (or any other applicable rating agency), if any Notes are purchased or exchanged pursuant to this Condition 7.4.

- (iv) For the purposes of any Cloverie Tender Offer or Cloverie Exchange Offer, whether or not relating to any Collateral Tender Offer or Collateral Exchange Offer, the Trustee shall not release the Security created over the Collateral Notes pursuant to the Trust Deed except that it may release the Collateral Notes to the extent that after such release and taking into account any purchase, exchange or cancellation of Notes pursuant to any Cloverie Tender Offer or Cloverie Exchange Offer, the aggregate principal amount of the Collateral Notes outstanding will be the same as the aggregate principal amount of Notes outstanding. To the extent that such Cloverie Tender Offer or Cloverie Exchange Offer relates to any Collateral Tender Offer or, as the case may be, Collateral Exchange Offer, following the release of such Security the Issuer shall accept (or procure the acceptance of) such Collateral Tender Offer or Collateral Exchange Offer in respect of the Collateral Notes so released.

Any failure by the Issuer to make a payment or delivery due in connection with any Cloverie Tender Offer or Cloverie Exchange Offer shall constitute a default in payment in respect of the Notes for the purposes of Condition 12.1."

#### **Condition 7.10 (Cancellation)**

The provisions of Condition 7.10 (*Cancellation*) shall apply to the exchange or retirement of Notes as well as to the purchase of Notes in accordance with Condition 7.4 (*Purchases*).

#### **Condition 7.12 (Redemption for Illegality)**

Condition 7.12 (*Redemption for Illegality*) shall be deleted and replaced with the following:

##### **"7.12 Redemption for Illegality**

If the Issuer or the Calculation Agent determines that the performance of the Issuer's obligations under the Notes (including holding the Collateral) has or will become unlawful, illegal or otherwise prohibited in whole or in part, including without limitation, as a result of an enactment of or supplement or amendment to, or a change in law, policy or official interpretation, implementation or application of any relevant regulations after the Issue Date or as a result of any official communication, interpretation or determination made by any relevant regulatory authority after such date, the Issuer or the Calculation Agent (as applicable) may give notice to the Trustee, the Noteholders, the Swap Counterparty, the Custodian, the Issuing and Paying Agent and/or the Option Counterparty and upon the giving of such notice all, but not some only, of the Notes shall become due for redemption on the date specified in such notice at their Early Redemption Amount. The Early Redemption Amount shall be paid in accordance with Condition 4.2 and shall be the only amount payable in respect of such Note and there will be no separate payment of any unpaid accrued interest thereon. The Early Redemption Amount may be less than the principal amount of the Notes being redeemed."

#### **Condition 8.5 (Appointment of Agents)**

Condition 8.5 (*Appointment of Agents*) shall be deleted and replaced with the following:

##### **"8.5 Appointment of Agents**

The Issuing and Paying Agent, the Calculation Agent, the Custodian, the Disposal Agent, the Enforcement Agent and the Registrar initially appointed by the Issuer and their respective specified offices are:

<u>Issuing and Paying Agent, Custodian, Calculation Agent and Enforcement Agent</u>	<u>Registrar</u>	<u>Disposal Agent</u>
Citibank, N.A., London Branch Citigroup Centre Canada Square London E14 5LB United Kingdom	Citigroup Global Markets Europe AG Reuterweg 16 60323 Frankfurt Germany	Citigroup Global Markets Limited Citigroup Centre Canada Square London E14 5LB United Kingdom

The Issuing and Paying Agent, the Calculation Agent, the Custodian, the Disposal Agent, the Enforcement Agent and the Registrar act solely for the Issuer (or, as the case may be, and other than in the case of the Disposal Agent or the Enforcement Agent, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any holder.

The Issuing and Paying Agent and the Custodian are subject to the minimum rating requirements set forth in the Agency Agreement and the Custody Agreement, respectively.

The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any Paying Agent, the Custodian, the Disposal Agent, the Enforcement Agent or the Registrar and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) an Issuing and Paying Agent, (ii) a Paying Agent having its specified office in a major European city, (iii) a Calculation Agent where the Conditions so require, (iv) a Disposal Agent where the Conditions so require, (v) an Enforcement Agent where the Conditions so require (except where the Trust Deed permits the Enforcement Agent to resign without a replacement having been appointed), (vi) a Custodian and (vii) a Registrar. For so long as the Notes are listed on a stock exchange, the Issuer will maintain such agents as may be required by the rules of such stock exchange.”

### **Condition 8.9 (Suspension of Obligations following a Sanctions Event)**

The first paragraph of Condition 8.9 (*Suspension of Obligations following a Sanctions Event*) shall be deleted and replaced with the following:

“Notwithstanding Condition 7.12 (*Redemption for Illegality*), if the Calculation Agent determines (in its sole and absolute discretion) that on any day any Note, Noteholder, the Issuer, the Collateral, the Collateral Issuer, the Trustee, the Issuing and Paying Agent, the Dealer, the Custodian and/or any other entity involved in the Notes:

- 8.9.1 has become subject to Sanctions; and
- 8.9.2 as a result of such Sanctions, it has become unlawful or otherwise prohibited for any of the Issuer, the Trustee, the Issuing and Paying Agent, the Dealer and/or the Custodian, to perform any of their obligations under any of the Transaction Documents (a “**Sanctions Event**”, and their obligations affected by such Sanctions, “**Affected Obligations**”),

the Calculation Agent may (in its sole and absolute discretion) give notice to the Issuer, the Trustee, the Issuing and Paying Agent, the Custodian and the Dealer (in each case, as applicable) upon which the Affected Obligations, including without limitation any Affected Obligation to make any payments or deliveries, shall be suspended and remain suspended until the date on which the Calculation Agent notifies the Issuer, the Trustee, the Issuing and Paying Agent, the Custodian and the Dealer (in each case, as applicable) that it has determined that such Sanctions Event is no longer continuing or that a Regulatory Amendment has been effected in accordance with Condition

14.3 to address such Sanctions Event (such date, the “**Sanctions Event End Date**”). For the avoidance of doubt, any obligations of the Issuer, the Trustee, the Issuing and Paying Agent, the Custodian and the Dealer under any of the Transaction Documents other than Affected Obligations shall not be subject to such suspension.”

### **Condition 13 (Enforcement)**

Condition 13 (*Enforcement*) shall be deleted and replaced with the following:

#### **“13 Enforcement**

At any time after the Notes become due and repayable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes (other than insofar as they relate to the Security constituted by the Trust Deed), but it need not take any such proceedings or any step or action unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.

Only the Trustee, or the Enforcement Agent acting as agent of the Issuer in accordance with Clause 6.3 of the Supplemental Trust Deed, may pursue the remedies available under the Trust Deed to enforce the rights of the Secured Parties or the other parties thereto. If the Trustee, having become bound to do so, but only to the extent that the Trustee is permitted to take such action pursuant to Clause 6.1 of the Supplemental Trust Deed, fails or neglects to do so, then the Noteholders may exercise their rights under Clause 16.2 (*Retirement and Removal*) of the Principal Trust Deed to remove the Trustee, but shall in no circumstances be entitled to proceed directly against the Issuer.

If the Enforcement Agent, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so, then the Noteholders may exercise their rights under Clause 6.5 (*Provisions relating to the Enforcement Agent*) of the Supplemental Trust Deed to remove the Enforcement Agent, but shall in no circumstances be entitled to proceed directly against the Issuer.

The Trustee and the other Secured Parties shall have recourse only to the Mortgaged Property (or part thereof if so provided in these Conditions) in respect of such Series (and, in the case of the Manager’s Secured Parties, to the Manager’s Charged Assets (each as defined in the Supplemental Trust Deed) or part thereof if so provided in these Conditions) and subject always to the charges and other security interests created by the Principal Trust Deed, the relevant Supplemental Trust Deed and/or any other security document. If, following realisation of the Mortgaged Property (whether following liquidation or enforcement of the security or otherwise) and distribution of the Available Proceeds as provided in Condition 4.2, such Available Proceeds are insufficient for the Issuer to make all payments which, but for the effect of this Condition 13 and similar limited recourse provisions, would then be due from the Issuer in relation to the Notes of the Series and the Transaction Documents relating to that Series, such obligations of the Issuer will be limited to such Available Proceeds, and the other assets of the Issuer will not be available for payment of any shortfall arising therefrom. None of the Trustee, the other Secured Parties, the Managers’ Trustee, the other Manager’s Secured Parties or any person acting on behalf of any of them shall be entitled to take any further steps against the Issuer to recover any further sum, any outstanding claim or debt in respect of such further sum shall be extinguished and no debt shall be owed by the Issuer to any such person in respect of any such further sum. In particular, none of the Trustee, Managers’ Trustee, any other Secured Party or Manager’s Secured Party or any other party to the Trust Deed or any person acting on behalf of any of them shall be entitled to, at any time, petition or take any other step for the insolvency, examinership, winding-up or liquidation of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the extinguished claim or debt

in respect of the Mortgaged Property for any other Series or any other assets secured for the benefit of any other obligation of the Issuer, provided that any of the Trustee, any Secured Parties or Manager's Secured Party or other party or any person acting on behalf of any of them may prove or lodge a claim in the insolvency, examinership, winding-up or liquidation of the Issuer initiated by another party and provided further that any of the Trustee, any Secured Party or Manager's Secured Party or any person acting on behalf of them may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer."

#### **Condition 14.1 (*Meetings of Noteholders*)**

Condition 14.1 (*Meetings of Noteholders*) shall be amended by adding the following three paragraphs at the end thereof:

"In addition, the Issuer shall, if so directed in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders (in each case, a "**Noteholder Direction**") (subject in each case to its being indemnified to its satisfaction), exercise any rights in its capacity as holder of the Collateral Notes (including to direct the trustee in respect of the Collateral Notes to enforce the terms of the Collateral Notes as contemplated thereby) or its right under the Purchase Agreement to acquire the Collateral Notes in accordance with such direction (as more specifically set out in the Trust Deed).

At any time after the security for the Notes has become enforceable, the Enforcement Agent shall, if the Issuer is directed to do so by any Noteholder Direction (subject in each case to the Enforcement Agent being indemnified and/or secured to its satisfaction), exercise on behalf of the Issuer as the Issuer's agent any rights of the Issuer in the Issuer's capacity as holder of the Collateral Notes (including to direct the trustee in respect of the Collateral Notes to enforce the terms of the Collateral Notes as contemplated thereby) or the Issuer's right under the Purchase Agreement to acquire the Collateral Notes and the Enforcement Agent will act only in accordance with any Noteholder Direction (as more specifically set out in the Trust Deed).

Without prejudice to the foregoing, in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Parties, nor shall the Noteholders and the other Secured Parties (when acting in their respective capacities) be permitted, to take any action against the Collateral Issuer or enforce any claim that the Issuer may have against the Collateral Issuer under the Collateral Notes or the Purchase Agreement or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable."

#### **Condition 14.3 (*Modification and Waiver*)**

Conditions 14.3.2 to 14.3.4 shall be deleted and replaced with the following:

"14.3.2 Amendment to the Conditions and/or the Transaction Documents in connection with Regulatory Consequences or Sanctions Event

The Calculation Agent may, for the purposes of causing the transactions contemplated under the Transaction Documents to comply or to continue to comply with, or to take into account, any relevant Regulatory Consequences or Sanctions Event, including taking steps to ensure that any Transaction Party would not be prevented from entering into any transaction agreement in connection with any other Series of Notes, make amendment(s) to the Transaction Documents (each a "**Regulatory Amendment**"), at any time, at its own expense and without the need for the consent of any other party to such Transaction Documents (each being a "**Party**"), provided that:

- (i) such amendment(s) will not materially alter the economic substance of the scheduled payments under the transactions constituted by the Transaction Documents when considered as a whole; and
- (ii) such amendments will not affect the operation of Clause 20.2 of the Trust Deed or similar provisions in the Transaction Documents.

Provided that the criteria set out in (i) and (ii) above are satisfied, no consent shall be required from any Party and each relevant Party shall promptly take such action and execute all documentation as the Calculation Agent may reasonably require to effect such amendment(s).

- 14.3.3 For the purposes of Clause 15.1 (*Modification*) of the Trust Deed, any modification to the Trust Deed, the Conditions or any other Transaction Document which is a Regulatory Amendment shall be deemed not to be materially prejudicial to the interests of the Noteholders and shall not require the Trustee's consent.
- 14.3.4 Any modification to the Conditions which is a Regulatory Amendment shall be notified to Noteholders in accordance with Condition 17.
- 14.3.5 For the purposes of this Condition, "**Transaction Party**" means, with respect to this Series of Notes, each party to a Transaction Document other than the Issuer."

### **Condition 18 (*Indemnification and Obligations of the Trustee*)**

The third paragraph of Condition 18 (*Indemnification and Obligations of the Trustee*) shall be deleted and replaced with the following:

"The Trust Deed provides that in acting as Trustee under the Trust Deed the Trustee shall not assume any duty or responsibility to any other Secured Party (other than to pay any such Secured Party any moneys received and repayable to it held on trust for it and to act in accordance with the provisions of Conditions 4 (*Security, Credit Support Document, Option Agreement, Swap Agreement and Application of Available Proceeds*) and 14.1 (*Meetings of Noteholders*) and Clauses 6.6, 6.19, 16.1, 16.2 and 20.1 of the Principal Trust Deed) and shall have regard solely to the interests of the Noteholders of any Series, or as the case may be, all Series and shall not (subject to the provisions of Conditions 4 (*Security, Credit Support Document, Option Agreement, Swap Agreement and Application of Available Proceeds*) and 14.1 (*Meetings of Noteholders*) and Clauses 6.6, 6.19, 16.1, 16.2 and 20.1 of the Principal Trust Deed, to the extent applicable, which require the Trustee to act on the direction of the Custodian, the Issuing and Paying Agent, the Registrar, any Paying Agent or the Enforcement Agent in certain circumstances or divide the Mortgaged Property) be obliged to act on any directions of any other person if this would in the Trustee's opinion be contrary to the interests of the Noteholders."

### **Condition 21 (*Definitions*)**

The "Regulatory Consequences" and "Relevant Law" definitions shall be deleted and replaced with the following:

"**Regulatory Consequences**" means any consequences that affect the ability of a Transaction Party (as defined in Condition 14.3) and/or any affiliate thereof to perform obligations under or in connection with any Transaction Document or to enter into a transaction agreement in connection with any other Series of Notes with the Issuer as a result of (i) any enactment of, or supplement or amendment to, or a change in, Relevant Law, policy or official interpretation or (ii) the implementation or application of any rule related thereto, any technical guidelines, regulatory technical standards or further relevant regulations or (iii) any official communication, interpretation, guidance or official rules of procedures or determination made by any relevant regulatory authority with respect thereto, in each case arising out of, or in connection with, any Relevant Law as may be in force as at the Issue Date, or due to come into force from time to time.



**“Relevant Law”** means any relevant law applicable to a Transaction Party (as defined in Condition 14.3) and/or any affiliate thereof from time to time, including without limitation (i) the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), the Bank Holding Company Act of 1956, the Federal Reserve Act of 1913, in each case as amended from time to time, and along with any implementing regulations or regulatory guidance; (ii) EU Regulation; and (iii) any other similar legislation applicable in other jurisdictions.”

## **Description of the Issuer**

Prospective investors should read the section entitled “Issuer Disclosure Annex 5 – Cloverie Public Limited Company” of the Base Prospectus on pages 187 to 188.

## Collateral Notes Summary

On the Issue Date the Issuer will acquire EUR 500,000,000 in principal amount of Senior Notes (the “**Collateral Notes**”) of Zurich Insurance Company Ltd (the “**Collateral Issuer**”), which will be registered in the name of the Issuer and any certificate(s) issued in respect thereof will be held by the Custodian acting through its London office pursuant to the Custody Agreement and the Agency Agreement subject to the security interests in favour of the Trustee created by the Trust Deed.

The following summary of the Collateral Notes is qualified by reference to the Collateral Notes Conditions.

Title:	EUR 500,000,000 Senior Notes
Collateral Issuer:	Zurich Insurance Company Ltd
Registered Address of the Collateral Issuer:	Mythenquai 2, CH-8002 Zurich, Switzerland (telephone: +41 44 625 25 25)
Country of Incorporation	Switzerland; company number CHE-105.833.114
Nature of Business:	<p>The purpose of Zurich Insurance Company Ltd is to conduct all kinds of insurance and reinsurance operations, except for direct life insurance business.</p> <p>Zurich Insurance Company Ltd has a dual function, firstly as an insurer, operating through subsidiaries, branch offices and representations in Switzerland and other countries, and secondly as a holding company. Zurich Insurance Company Ltd and its subsidiaries (collectively the “<b>Zurich Insurance Company Group</b>”) are a provider of insurance-based products. The Zurich Insurance Company Group also distributes non-insurance products, such as mutual funds, mortgages and other financial services products, from selected third-party providers. It operates mainly in Europe, the USA, Latin America and Asia-Pacific through subsidiaries, branch offices and representations.</p>
Principal Amount:	EUR 500,000,000
Denomination(s):	EUR 100,000 and integral multiples of EUR 1,000 above such amount
Collateral Issue Date:	24 October 2018
Maturity Date:	15 December 2028
Interest Rate:	1.500 per cent. per annum. from and including the Interest Commencement Date (as defined in Appendix A).
Interest Payment Dates:	15 December in each year from and including 15 December 2019 (long first coupon) to and including 15 December 2028.
Form:	Individual Registered Notes

Ranking:	Senior, as described in the Collateral Notes Conditions
Taxation:	As described in the Collateral Notes Conditions
Listing:	None
Governing law:	English law
ISIN:	None
Rating:	It is expected that the Collateral Notes will be rated A1 by Moody's Investors Service Ltd. and A+ by S&P.

The Collateral Issuer is owned by Zurich Insurance Group Ltd, the ultimate parent company of the Zurich Insurance Group. Zurich Insurance Group Ltd is a public limited liability company (*Aktiengesellschaft*) under Swiss Law. It is incorporated in Zurich, Switzerland, its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland and its equity securities are listed on the SIX Swiss Exchange (SIX: ZURN) and are included in the blue chip index, the Swiss Market Index (SMI)®. The Collateral Issuer has debt securities admitted to trading on the SIX Swiss Exchange.

### **Purchase of the Collateral Notes**

The Issuer and the Collateral Issuer have entered into the Purchase Agreement pursuant to which the Issuer has agreed to purchase the Collateral Notes from the Collateral Issuer. Under the Purchase Agreement, the Collateral Issuer has given certain representations and warranties to the Issuer and agreed to indemnify the Issuer against certain liabilities.

The Collateral Issuer has acknowledged the assignments by way of security of the Issuer's rights under the Purchase Agreement to the Trustee. For a description of these assignments see "The Security Arrangements – Details of any other security or modifications to any security" under "Terms and Conditions of the Notes", and "Security Arrangements in respect of the Notes" below.

### **Security Arrangements in respect of the Notes**

Subject as set out below, the obligations of the Issuer under the Notes are secured, *inter alia*, by a first fixed charge over the Collateral Notes. The Collateral Notes will be registered in the name of the Issuer and any certificate(s) issued in respect thereof will be held by the Custodian acting through its London office pursuant to the Custody Agreement and the Agency Agreement subject to the security interests in favour of the Trustee created by the Trust Deed.

Subject as set out below, the obligations of the Issuer under the Notes are secured pursuant to the Trust Deed by, *inter alia*, (i) a first fixed charge in favour of the Trustee over the Collateral Notes, which are registered in the name of the Issuer and all assets and property belonging to the Issuer and deriving from the Collateral Notes; (ii) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest attaching to or relating to the Collateral Notes and all sums derived therefrom, including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary; (iii) an assignment by way of security in favour of the Trustee of the Issuer's right under the Purchase Agreement to acquire the Collateral Notes; (iv) a first fixed charge in favour of the Trustee over all proceeds of, income from and sums arising from enforcement of any claim under the Purchase Agreement but only if such claim relates to the Issuer's right to acquire the Collateral Notes; (v) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest against the Custodian and the Disposal Agent, to the extent that they relate to the Collateral Notes; (vi) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Trust Deed insofar as the same relates to the appointment of the Enforcement Agent as the Issuer's

agent in connection with the rights and assets of the Issuer referred to in paragraphs (i) to (v) above; (vii) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to the Notes; (viii) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Custody Agreement, to the extent that they relate to the Notes; (ix) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest to all sums held in the Cash Account (as defined in the Custody Agreement); and (x) a first fixed charge in favour of the Trustee over (a) all sums held by the Custodian and/or the Issuing and Paying Agent and/or any Paying Agent to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed, the Notes, the Agency Agreement and/or the Custody Agreement and (b) all sums held by the Custodian in the Cash Account and all other sums held by the Custodian or any sums held by the Issuing and Paying Agent and/or any Paying Agent to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed, the Notes, the Agency Agreement and/or the Custody Agreement (the Collateral Notes, together with the rights and assets of the Issuer referred to in this paragraph, being the "**Mortgaged Property**").

A charge, although expressed in words which would suffice to create a fixed charge, may be treated as a floating charge, particularly if it appears that it was intended that the chargor should have licence to dispose of the assets charged in the course of its business without the consent of the chargee.

**Following any realisation or enforcement of the security over the Mortgaged Property, there can be no assurance that the proceeds of such realisation or enforcement will be sufficient to repay the principal amount due under the Notes and any other amount due in respect of the Notes.**

### **Associated Risks and Other Information concerning the Collateral Notes**

Investors should note that the performance of the Notes is linked to the performance of the Collateral Notes. The Notes may redeem earlier than anticipated due to tax imposition, exercise of the Collateral Issuer's call option under Condition 7(c) (*Redemption at the option of the Issuer*) of the Collateral Conditions or due to a Clean-Up Event (as defined in the Collateral Conditions) under Condition 7(f) (*Redemption Due to a Clean-Up Event*) of the Collateral Conditions and other events affecting the Collateral Notes and/or the Collateral Issuer. The occurrence of any of these events may cause significant losses to Noteholders and may result in the Notes paying no interest and/or redeeming at zero.

**The Noteholders will have no right to physical delivery of the Collateral Notes under the terms of the Notes. Any enforcement of security over the Collateral Notes is subject to the transfer restrictions set forth in the Collateral Notes Conditions. These transfer restrictions severely limit the potential transferees of the Collateral Notes.**

A summary of the provisions of the Collateral Notes is set forth above, and the detailed terms and conditions governing the Collateral Notes are set forth in Appendix A and Appendix B to this Series Prospectus.

The Noteholders may obtain details of the past and future performance and volatility of the Collateral Notes from the Issuing and Paying Agent.

### **Disposal of the Collateral Notes**

The following is a summary of the provisions pursuant to which the Disposal Agent will effect a sale of the Collateral Notes if required to do so pursuant to the Conditions.

If the Issuer becomes obliged under the Conditions to sell the Collateral Notes in order for it to make a payment under the Conditions, or if the Security (including in respect of the Collateral Notes) constituted by the Trust Deed becomes enforceable (such Collateral Notes in either case being the "**Affected**

**Collateral**”), the Disposal Agent, acting as the Issuer’s agent, shall within the Disposal Period use reasonable endeavours and act in a commercially reasonable manner to arrange the sale of the Affected Collateral in one or multiple portions (as selected by the Disposal Agent in its sole and absolute discretion) for settlement no later than the Affected Collateral Settlement Date.

The Disposal Agent may effect any sale of all or part of the Affected Collateral at any time and at different times on or prior to the Disposal Cut-off Date or in stages in respect of smaller portions. In respect of each portion of Affected Collateral to be sold (each a “**Required Portion of Affected Collateral**”), the Disposal Agent shall seek firm bid quotes from a minimum of five (5) Qualifying Banks (which may include the Disposal Agent or its affiliates unless otherwise stated in the relevant Authorised Offering Document or the relevant Supplemental Trust Deed that the Disposal Agent or its affiliates are not permitted to purchase the Affected Collateral) in its sole and absolute discretion for the purchase of any such Required Portion of Affected Collateral (each a “**Bid Quotation**”). Upon receipt of at least two Bid Quotations on a Disposal Business Day, the Disposal Agent shall sell the relevant portion of Affected Collateral on behalf of the Issuer at the highest Bid Quotation received. If the Disposal Agent has not obtained at least two (2) Bid Quotations on or prior to the Disposal Cut-Off Date, then on the Final Disposal Cut-Off Date, the Disposal Agent shall seek firm bid quotes from a minimum of five (5) Qualifying Banks (which may or may not include any of the Qualifying Banks from which Bid Quotations were originally sought). Upon receipt of at least two Bid Quotations on the Final Disposal Cut-Off Date, the Disposal Agent shall sell the relevant portion of Affected Collateral on behalf of the Issuer at the highest Bid Quotation received. If the Disposal Agent is unable to obtain at least two Bid Quotations on the Final Disposal Cut-Off Date in respect of a Required Portion of Affected Collateral, the Disposal Agent shall, if a single Bid Quotation is available on the Final Disposal Cut-Off Date, sell such relevant Required Portion of Affected Collateral on behalf of the Issuer at such Bid Quotation. The Disposal Agent may select the Qualifying Banks from which to obtain Bid Quotations at its sole discretion and will not be liable to the Issuer or any other party hereto merely because another Qualifying Bank would have offered a higher Bid Quotation.

In the event that (i) no Bid Quotations are received by the Disposal Agent; or (ii) the Bid Quotations received by the Disposal Agent are equal to zero, in respect of any Required Portion of Affected Collateral on the Final Disposal Cut-Off Date (the “**Remaining Affected Collateral**”), then either the Disposal Agent or an affiliate of the Disposal Agent (provided the Disposal Agent or such affiliate is a Qualifying Bank) shall purchase the Remaining Affected Collateral from the Issuer for settlement on the Affected Collateral Settlement Date at a price of zero. For the purposes of determining the Early Redemption Amount, the net realised proceeds of the sale of the Affected Collateral will be deemed to be (a) zero, in the case where the Remaining Affected Collateral comprises all of the Collateral for the Series or (b) otherwise, the aggregate net realised proceeds of all portions of the Affected Collateral previously sold by the Disposal Agent prior to the Final Disposal Cut-Off Date. The Disposal Agent may take such steps as it considers appropriate in order to effect an orderly sale of all or a portion of the Affected Collateral. For the avoidance of doubt, the Disposal Agent (i) shall not be obliged to delay arrangements for the sale of all or a portion of the Affected Collateral beyond the Affected Collateral Settlement Date and will not be liable to the Issuer or any party hereto because a higher price could have been obtained had the sale been so delayed and (ii) will not be liable to the Issuer or any Secured Party or other person because a higher price could have been obtained had the sale of such Affected Collateral taken place (a) at a different time or (b) in different portions than when the actual liquidation was effected.

The Disposal Agent or an affiliate of the Disposal Agent (as applicable) shall be subject to the transfer restrictions applicable to the Collateral Notes in relation to any disposal of the Collateral Notes, including but not limited to the restrictions set out in Condition 15(a) (*Restrictions on Transfer of Restricted Notes*) and Condition 15(b) (*Grants of Security*) of the Collateral Notes Conditions. The Disposal Agent shall not,

and shall not be required to, dispose of the Collateral Notes where such disposal would violate any such transfer restrictions.

For the purpose of the above:

**“Affected Collateral Settlement Date”** means the date occurring one Business Day prior to the Settlement Date.

**“Business Day”** means a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business in London and on which the TARGET System is operating.

**“Disposal Business Day”** means any Business Day selected by the Disposal Agent in its sole and absolute discretion within the Disposal Period to and including the Disposal Cut-Off Date. If the Disposal Agent is unable to obtain two or more Bid Quotations on such Disposal Business Day, it may designate any subsequent Business Day falling on or prior to the Disposal Cut-Off Date as a Disposal Business Day.

**“Disposal Commencement Date”** means:

- (i) other than in connection with any enforcement of Security, the date occurring five Business Days (or such shorter period as may be required by the Conditions) prior to the Settlement Date, unless on such date the amount of the payment required to be made on the Settlement Date has not been determined, in which case the “Disposal Commencement Date” shall be the date on which the amount of such payment is determined or if such date is not a Business Day, the next following Business Day; or
- (ii) in connection with any enforcement of Security, the date falling 30 calendar days following the date on which Noteholders are notified in accordance with the terms and conditions of the Notes that the Disposal Agent is to begin the process of disposing of the Collateral Notes in accordance with the terms of the Agency Agreement or, if such 30th calendar day is not a Business Day, the immediately following Business Day.

**“Disposal Cut-Off Date”** means one Business Day prior to the Final Disposal Cut-Off Date.

**“Disposal Period”** means the period from and including the Disposal Commencement Date to and including the Disposal Cut-off Date.

**“Final Disposal Cut-Off Date”** means a date to be determined by the Disposal Agent in its sole and absolute discretion being not less than one Business Day prior to the Affected Collateral Settlement Date.

**“Qualifying Bank”** means a person or entity which (i) effectively conducts banking activities with its own infrastructure and staff as its principal business purpose and which has a banking licence in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch and (ii) is organised under the laws of a country which is a member of the Organisation for Economic Co-operation and Development (OECD).

**“Settlement Date”** means:

- (i) other than in connection with any enforcement of Security, the date on which the Issuer is required to make a payment under the terms and conditions of the Notes; and
- (ii) in connection with any enforcement of Security, the date occurring 30 calendar days following the Disposal Commencement Date or, if such 30th calendar day is not a Business Day, the immediately following Business Day.

## General Information

1. The Issuer is a public limited company, incorporated in and organised under the laws of Ireland, with its registered office at 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, and registered as Cloverie Public Limited Company under no. 374618. The Issuer has a share capital in the total amount of EUR 40,000, divided into 40,000 ordinary shares with a par value of EUR 1 each. The Issuer does not have any preference shares or profit sharing certificates outstanding and the Issuer does not dispose of authorised or conditional share capital. The Issuer did not pay any dividends during the last five years.
2. From the date of this Series Prospectus and for so long as the Notes remain outstanding, the following documents will be available for inspection in physical format during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the office of the Issuing and Paying Agent and at the office of the Issuer. Copies of the documents referred to below may be obtained free of charge from the specified office of the Issuing and Paying Agent:
  - (a) this Series Prospectus (including the Collateral Base Prospectus and the Collateral Pricing Supplement); and
  - (b) the Supplemental Trust Deed and the Supplemental Agency Agreement in relation to the Notes;
  - (c) audited financial statements of the Issuer for the financial year ended 31 December 2015 and 31 December 2016 and any subsequent financial years for which audited financial statements of the Issuer are available.
3. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 19 October 2018.
4. The Issuer does not intend to provide any post issuance transactional information on either the Notes (as described in the Conditions above) or the Collateral Notes.
5. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2016 (such date being the date of the Issuer's last audited financial statements) which is material or significant.
6. The Issuer has not been involved in any litigation, arbitration or governmental proceedings (including such proceedings which are pending or threatened or of which the Issuer is aware during the 12 months preceding the date of the Series Prospectus) which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
7. So far as the Issuer is aware:
  - (a) since 31 December 2017 there has been no material adverse change in the prospects of the Collateral Issuer;
  - (b) since 31 December 2017 there has been no significant change in the financial or trading position of the Collateral Issuer; and
  - (c) save as disclosed in the Collateral Base Prospectus on pages 143-144, there are no governmental, legal or arbitration proceedings (or any such proceedings which are pending or threatened of which the Collateral Issuer is aware) during the 12 months before the date of publication of the Collateral Base Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of any of the Collateral Issuer or on the ZIC Group.



8. Arthur Cox Listing Services Limited has been appointed by the Issuer to act as its listing agent and as such is not seeking for the Notes to be admitted to the Official List or to trading on the Main Securities Market of Euronext Dublin for the purposes of the Prospectus Directive on its own behalf, but as an agent on behalf of the Issuer.
9. No web addresses mentioned herein form part of this Series Prospectus for the purposes of application for listing of the Notes and approval of this Series Prospectus.

**Appendix A –  
Pricing Supplement of the Collateral Notes**

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**Zurich Insurance Company Ltd**  
Issue of EUR500,000,000 1.500 per cent. Senior Notes due 15 December 2028  
under the USD18,000,000,000  
**Euro Medium Term Note Programme**

**Part A Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Amended and Restated Trust Deed dated 22 May 2018 (the “**Trust Deed**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Trust Deed.

1	Issuer:	Zurich Insurance Company Ltd
2	Guarantor	Not Applicable
3	(i) Series Number:	48
	(ii) Tranche Number:	1
4	Specified Currency or Currencies:	Euro (“ <b>EUR</b> ”)
5	Aggregate Nominal Amount of Notes to be issued:	EUR500,000,000
	(i) Series:	EUR500,000,000
	(ii) Tranche:	EUR500,000,000
6	Issue Price:	99.374 per cent of the Aggregate Nominal Amount
7	(i) Specified Denominations:	EUR100,000 and integral multiples of EUR1,000 in excess thereof
	(ii) Calculation Amount:	EUR1,000
8	(i) Issue Date:	24 October 2018
	(ii) Interest Commencement Date:	Issue Date
9	Maturity Date:	15 December 2028
10	(i) Interest Basis:	1.500 per cent Fixed Rate (further particulars specified below)
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Call Options:	Issuer Call and Clean-Up Event Call (further particulars specified below)
13	(i) Status of the Notes:	Senior
	(ii) Date Board approval for issuance of Notes obtained:	14 December 2017
14	Initial Permitted Non-Qualifying Lender:	Cloverie Public Limited Company

**Provisions Relating to Interest (if any) Payable**

15	Fixed Rate Note and Fixed to Floating Rate Note Provisions:	Applicable
	(i) Rate of Interest:	1.500 per cent. per annum payable annually in arrear

(ii)	Interest Payment Date(s):	15 December in each year commencing on 15 December 2019 to and including the Maturity Date There will be a long first interest period from (and including) the Interest Commencement Date to (but excluding) 15 December 2019
(iii)	Fixed Coupon Amount:	EUR15.00 per Calculation Amount
(iv)	Broken Amount(s):	EUR17.14 per Calculation Amount payable on the Interest Payment Date falling on 15 December 2019
(v)	Fixed Day Count Fraction:	Actual/Actual (ICMA)
(vi)	Determination Dates:	Not Applicable
16	Floating Rate Note and Fixed to Floating Rate Note Provisions:	Not Applicable
17	Fixed Rate Reset Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable

#### **Provisions Relating to Redemption**

19	Call Option:	Applicable
(i)	Optional Redemption Dates:	Any Business Day during the period from (and including) 15 September 2028 to (but excluding) the Maturity Date
(ii)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount:	EUR1,000 per Calculation Amount
(iii)	Notice period:	Not less than 30 nor more than 60 days
(viii)	Clean-Up Event Call:	Applicable
(ix)	Clean-Up Threshold Percentage:	80 per cent
(ix)	Clean-Up Redemption Price:	EUR1,000 per Calculation Amount
(xi)	Early Event Call Period:	As per Condition 7(f)
20	Put Option:	Not Applicable
21	Final Redemption Amount of each Note:	EUR1,000 per Calculation Amount
22	Early Redemption Amount:	EUR1,000 per Calculation Amount

#### **General Provisions Applicable to the Notes**

23	Form of Notes:	Individual Registered Notes
24	New Global Note Form:	No
25	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f):	Not Applicable
26	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No

27	Consolidation provisions:	Not Applicable
28	Restricted Note (Condition 15(a) shall apply):	Yes
	(i) Restricted Note Minimum Denomination Amount:	EUR100,000
	(ii) Restricted Note Transfer Amount:	EUR100,000
	(iii) Number of Permitted Non-Qualifying Lenders:	One
28	Meetings of Noteholders:	As per Condition 12(a)
29	Relevant Benchmark(s)	Not Applicable

**Responsibility**

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

*Signed on behalf of the Issuer:*

By: .....

By: .....

Duly authorised

Duly authorised

## PART B — OTHER INFORMATION

### 1 Listing and Admission to Trading

- |       |   |                |
|-------|---|----------------|
| (i)   | Listing:  | None           |
| (ii)  | Admission to trading:                                       | Not Applicable |
| (iii) | Estimate of total expenses related to admission to trading: | Not Applicable |

### 2 Ratings

- |          |  |
|----------|--|
| Ratings: | The Notes to be issued are expected to be rated:<br>S & P: A+<br>Moody's: A1 |
|----------|--|

### 3 Yield

- |                      |  |
|----------------------|--|
| Indication of yield: | 1.567 per cent.<br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |
|----------------------|--|

### 4 Operational Information

- |       |  |  |
|-------|--|--|
| (i)   | ISIN Code:   | Not Applicable   |
| (ii)  | Common Code:   | Not Applicable   |
| (iii) | Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): | Not Applicable – the Notes are not being held in a Clearing System |
| (iv)  | Delivery:  | Delivery free of payment   |
|       | Names and addresses of initial Paying Agent(s):  | Not Applicable   |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):  | Not Applicable   |
| (vi)  | Intended to be held in a manner which would allow Eurosystem eligibility:  | No   |

### Distribution

- |   |      |   |                |
|---|------|---|----------------|
| 5 | (i)  | If syndicated, names of Managers:             | Not Applicable |
|   | (ii) | Stabilising Manager(s) (if any):              | Not Applicable |
| 6 |      | If non-syndicated, name of Dealer:            | Not Applicable |
| 7 |      | U.S. Selling Restrictions:                    | Not Applicable |
| 8 |      | Additional selling restrictions:              | Not Applicable |
| 9 |      | Prohibition of Sales to EEA Retail Investors: | Not Applicable |

**Appendix B –  
Collateral Base Prospectus**

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Zurich Finance (Luxembourg) S.A.  
 (incorporated with limited liability in the Grand Duchy of Luxembourg)  
 Zurich Finance (UK) plc  
 (incorporated with limited liability in England and Wales)  
 Zurich Insurance Company Ltd  
 (incorporated with limited liability in Switzerland)  
 Zurich Holding Company of America, Inc.  
 (incorporated with limited liability in the United States of America)  
 Zurich Finance (Australia) Limited  
 (incorporated with limited liability in Australia)



irrevocably guaranteed, in the case of Notes issued by Zurich Finance (Luxembourg) S.A.,  
 Zurich Finance (UK) plc, Zurich Holding Company of America, Inc. and Zurich Finance (Australia) Limited by  
**Zurich Insurance Company Ltd**  
**USD 18,000,000,000**

### Euro Medium Term Note Programme

Under this USD18,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Zurich Finance (Luxembourg) S.A. (“**ZF (Luxembourg)**”), Zurich Finance (UK) plc (“**ZF (UK)**”), Zurich Holding Company of America, Inc. (“**ZHCA**”), Zurich Finance (Australia) Limited (“**ZF (Australia)**”) and Zurich Insurance Company Ltd (“**ZIC**”, and together with ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia), the “**Issuers**” and each, an “**Issuer**”) may from time to time (subject to the terms and conditions set out herein) issue Senior Notes, Subordinated Notes and, in relation to ZIC only, Deeply Subordinated Notes (each as defined below and together the “**Notes**”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). Issues of Notes under the Programme by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia) will be guaranteed as provided herein as to payments of principal, interest and additional amounts by ZIC (the “**Guarantor**”).

“**Senior Notes**” means Notes issued by ZIC, ZF (Luxembourg), ZF (UK), ZHCA or ZF (Australia) under the Programme pursuant to the Terms and Conditions of the Senior Notes (which rank as set out in Condition 3 of the Terms and Conditions of the Senior Notes and, in the case of any Senior Notes issued by ZF (Luxembourg), ZF (UK), ZHCA or ZF (Australia), which have the benefit of the ZIC Senior Guarantee).

“**ZIC Senior Guarantee**” means the guarantee provided by ZIC in relation to any issue of Senior Notes issued by ZF (Luxembourg), ZF (UK), ZHCA or ZF (Australia), the form of which is set out herein (see “*Form of ZIC Senior Guarantee*”).

“**Subordinated Notes**” means either (i) ZIC Subordinated Notes or (ii) Guaranteed Subordinated Notes.

“**ZIC Subordinated Notes**” means Subordinated Notes issued by ZIC under the Programme pursuant to the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes (which rank as set out in Condition 3(a) of the Terms and Conditions of the Subordinated Notes and the Deeply Subordinated Notes), as specified in the applicable Pricing Supplement.

“**Guaranteed Subordinated Notes**” means Subordinated Notes issued by ZF (Luxembourg), ZF (UK) or ZF (Australia) under the Programme pursuant to the Terms and Conditions of the Subordinated Notes (which rank as set out in Condition 3 of the Terms and Conditions of the Subordinated Notes and have the benefit of the ZIC Subordinated Guarantee), as specified in the applicable Pricing Supplement.

“**ZIC Subordinated Guarantee**” means the guarantee provided by ZIC in relation to any issue of Subordinated Notes issued by ZF (Luxembourg), ZF (UK) or ZF (Australia), the form of which is set out herein (see “*Form of ZIC Subordinated Guarantee*”).

“**Deeply Subordinated Notes**” means Notes issued by ZIC under the Programme pursuant to the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, which rank as set out in Condition 3(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, as specified in the applicable Pricing Supplement.

The Notes may be issued on a continuous basis to one or more of the Dealers below and any additional Dealer appointed under the Programme from time to time, which appointments may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). References in this Base Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes. References in this Base Prospectus to the “**relevant Issuer**” shall, in the case of any issue of Notes, be to the Issuer which has agreed to issue such Notes.

**This Base Prospectus does not comprise a prospectus or a base prospectus for the purposes of Article 3 or Article 5.4 of Directive 2003/71/EC (as amended including by Directive 2010/73/EC and including any relevant implementing measure in a relevant Member State of the European Economic Area (the “Prospectus Directive”). This Base Prospectus has been prepared solely in order to allow Notes to be offered in circumstances which do not impose an obligation on the Issuers or any Dealer to publish or supplement a prospectus under the Prospectus Directive. No prospectus is required in accordance with the Prospectus Directive in relation to offers of Notes under this Base Prospectus.**

This Base Prospectus may only be used for the purposes for which it has been published.

This Base Prospectus constitutes a prospectus for the purposes of Part IV of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange (the “**Official List**”) and to trading on the Luxembourg Stock Exchange’s Euro MTF Market (the “**Euro MTF Market**”). References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Euro MTF Market and have been listed on the Official List. The Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”). This Base Prospectus has not been approved by and will not be submitted for approval to the *Commission de surveillance du secteur financier* of Luxembourg.

As specified in the applicable Pricing Supplement (as defined below), an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange and/or any other stock exchange(s), market(s) or quotation system(s) as may be agreed between the relevant Issuer and the relevant Dealer(s).

With respect to a particular Series (as defined on page 3) of Notes issued in registered form (“**Registered Notes**”), the Registered Notes of each Tranche (as defined on page 3) of such Series will be sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Such Notes will be represented by a global note in registered form, without interest coupons (a “**Reg. S Global Note**”), which will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with Citibank, N.A., as common depository for, and in respect of interests held through, Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”). If a Reg. S Global Note is held under the New Safekeeping Structure (the “**NSS**”), the Reg. S Global Note will be delivered on or prior to the original issue date of the relevant Tranche to a



common safekeeper (the “**Common Safekeeper**”) for Euroclear and Clearstream. Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the “**distribution compliance period**”), beneficial interests in the Reg. S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), and may not be held otherwise than through Euroclear and Clearstream. Registered Notes in individual form will be issued in exchange for interests in the Regulation S Global Note upon compliance with the procedures for exchange as described in “Description of Notes in Global Form” below in the limited circumstances described in the applicable Pricing Supplement. Registered Notes in individual registered form from the date of issue may also be sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

Each Tranche of Notes issued in bearer form (“**Bearer Notes**”) (other than a Tranche of Listed Swiss Franc Notes, as to which see “Description of Notes in Global Form”) will initially be represented by a temporary bearer global Note (a “**Temporary Global Note**”) or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a “**Permanent Global Note**”, together with the Temporary Global Note, the “**Bearer Global Notes**”) which if the Bearer Global Notes are not intended to be issued in new global note (“**New Global Note**”, or “**NGN**”) form, will be deposited on or around the relevant issue date with a common depositary (the “**Common Depositary**”) for Euroclear and Clearstream, and if the Bearer Global Notes are intended to be issued in NGN form, will be deposited on or around the relevant issue date with a Common Safekeeper for Euroclear and Clearstream. Beneficial interests in a Temporary Global Note will be exchangeable for either beneficial interests in a Permanent Global Note or Definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury Regulations and thereafter any Permanent Global Note may be exchanged for Definitive Bearer Notes in the circumstances described in the applicable Pricing Supplement, in each case in accordance with the procedures described in “Description of Notes in Global Form” below. All Bearer Notes issued by ZHCA will be issued so as to be in registered form for U.S. federal income tax purposes.

**Arranger**

**Citigroup**

**Dealers**

**Citigroup**

**Crédit Agricole CIB**

**Credit Suisse**

**Deutsche Bank**

**HSBC**

**J.P. Morgan**

**UBS Investment Bank**

**Zürcher Kantonalbank**

Each of the Issuers accepts responsibility for the information contained in this Base Prospectus, and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Information contained in this Base Prospectus under the heading “*Zurich Insurance Company Ltd*” has been supplied by ZIC, which accepts responsibility for the accuracy of such information. ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia) do not accept responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading “*Zurich Finance (Luxembourg) S.A.*” has been supplied by ZF (Luxembourg), which, together with ZIC, accepts responsibility for the accuracy of such information. ZF (UK), ZHCA and ZF (Australia) do not accept responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading “*Zurich Finance (UK) plc*” has been supplied by ZF (UK), which, together with ZIC, accepts responsibility for the accuracy of such information. ZF (Luxembourg), ZHCA and ZF (Australia) do not accept responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading “*Zurich Holding Company of America, Inc.*” has been supplied by ZHCA, which, together with ZIC, accepts responsibility for the accuracy of such information. ZF (UK), ZF (Luxembourg) and ZF (Australia) do not accept responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading “*Zurich Finance (Australia) Limited*” has been supplied by ZF (Australia), which, together with ZIC, accepts responsibility for the accuracy of such information. ZF (UK), ZF (Luxembourg) and ZHCA do not accept responsibility for the accuracy of such information, nor have they independently verified any such information.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on different issue dates.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in the pricing supplement (the “**applicable Pricing Supplement**” or “**relevant Pricing Supplement**”) which, with respect to Notes to be listed on a stock exchange, will be delivered to the stock exchange on or before the date of issue of the Notes of such Tranche. Notes that will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system may also be issued pursuant to the Programme by any of the Issuers.

No representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law the Dealers, the Agents (as defined in the Conditions) and the Trustee disclaim all responsibility or liability which they might otherwise have as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by any Issuer in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of each Issuer under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Trustee, the Agents, or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by any Issuer, the Trustee, the Agents or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer or ZIC (where ZIC is not the relevant Issuer). Neither this Base Prospectus nor any other information supplied in connection with the Programme nor the issue of any Notes constitute an offer by or on behalf of any Issuer, the Trustee, the Agents or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuers is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme. Investors should review, *inter alia*, the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements (if any) of the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) when deciding whether or not to purchase any Notes.

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment” and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**BENCHMARKS REGULATION:** Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”). If any such reference rate does constitute such a benchmark, the applicable Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Pricing Supplement (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the relevant Issuer does not intend to update the relevant Pricing Supplement to reflect any change in the registration status of the administrator.

If the relevant Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include bearer Notes that are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in accordance with Regulation S under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act (see “Subscription and Sale” below) and hedging transactions involving the Notes may not be conducted unless in compliance with the U.S. Securities Act.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Trustee, the Agents and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Trustee, the Agents or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made in compliance with applicable law. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area, Ireland, the United Kingdom, Japan and Australia (see “Subscription and Sale” below).

The Programme has been assigned credit ratings by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) of A+ for Senior Notes, A for Subordinated Notes and A for Deeply Subordinated Notes. The Programme has been assigned credit ratings by Moody’s Investors Service Ltd. (“**Moody’s**”) of A1 for Senior Notes, A2 for Subordinated Notes and A3 for Deeply Subordinated Notes. These ratings apply only to Subordinated Notes or Deeply Subordinated Notes in respect of which a Write-Down Event is not specified in the applicable Pricing Supplement as being applicable. Subordinated Notes or Deeply Subordinated Notes in respect of which a Write-Down Event is specified in the applicable Pricing Supplement as being applicable will be assigned an individual rating depending on the nature of the Write-Down Event specified. Both Standard & Poor’s and Moody’s are established in the EEA and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the “**CRA Regulation**”). A list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) in accordance with the CRA

Regulation can be found on its website, though this is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Standard & Poor's and Moody's are included in this list as at the date of this Base Prospectus.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

All references in this document to a "**Member State**" are references to a Member State of the European Economic Area, "**U.S. dollars**", "**U.S.\$**", "**\$**", "**USD**" and "**U.S. cent**" refer to the currency of the United States of America, those to "**euro**", "**€**" and "**EUR**" are to the single currency adopted by those states participating in the European Monetary Union from time to time, those to "**Sterling**", "**GBP**" and "**£**" refer to the currency of the United Kingdom, those to "**Swiss Francs**", "**SFr**" and "**CHF**" refer to the currency of Switzerland, those to "**Australian Dollar**", "**AUD**" and "**A\$**" refer to the currency of Australia. References in this document to "**Listed Swiss Franc Notes**" are to Notes denominated or payable in Swiss Francs and listed on the SIX Swiss Exchange.

# Contents

RISK FACTORS .....	8
INFORMATION INCORPORATED BY REFERENCE .....	26
GENERAL DESCRIPTION OF THE PROGRAMME .....	30
TERMS AND CONDITIONS OF THE SENIOR NOTES .....	36
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES .....	65
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES .....	96
DESCRIPTION OF NOTES IN GLOBAL FORM .....	126
USE OF PROCEEDS.....	131
ZURICH INSURANCE COMPANY LTD.....	132
ZURICH FINANCE (LUXEMBOURG) S.A.....	145
ZURICH FINANCE (UK) PLC.....	146
ZURICH HOLDING COMPANY OF AMERICA, INC. ....	147
ZURICH FINANCE (AUSTRALIA) LIMITED .....	150
FORM OF ZIC SENIOR GUARANTEE.....	151
FORM OF ZIC SUBORDINATED GUARANTEE.....	156
TAXATION .....	162
SUBSCRIPTION AND SALE .....	173
FORM OF PRICING SUPPLEMENT OF THE SENIOR NOTES .....	177
FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES .....	185
FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES .....	193
GENERAL INFORMATION.....	201

**IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES OF THE SERIES OF WHICH SUCH TRANCHE FORMS PART AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE PRICING SUPPLEMENT OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## RISK FACTORS

*Prospective investors should carefully consider all of the information set forth in this Base Prospectus, the applicable Pricing Supplement and any documents incorporated by reference before deciding to invest in any Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this Risk Factors section of the Base Prospectus. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.*

*Each of the Issuers and ZIC believe that the following factors may affect their ability to fulfil their respective obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and none of the Issuers nor ZIC are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. None of the Issuers or ZIC represent that the statements below regarding the risks of holding any Notes are exhaustive.*

- **Factors that may affect the Issuers' ability to comply with their obligations under or in connection with Notes issued under the Programme or of ZIC to comply with its obligations under its Guarantee**

### *Reliance of investors on the creditworthiness of the relevant Issuer and ZIC (as applicable)*

The Senior Notes and the ZIC Senior Guarantee (as applicable) will constitute unsecured and senior obligations of the relevant Issuer and ZIC (as applicable), respectively. The Senior Notes will rank equally among themselves and equally with all other unsecured and unsubordinated obligations of the relevant Issuer, present and future, save for statutorily preferred exceptions, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The ZIC Senior Guarantee will rank equally with all ZIC's other outstanding unsecured and unsubordinated obligations, present and future, save for statutorily preferred exceptions, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The ZIC Subordinated Notes and the ZIC Subordinated Guarantee will constitute direct, subordinated and unsecured, obligations of ZIC. The ZIC Subordinated Notes will rank equally among themselves and with any other securities or obligations of ZIC, which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the ZIC Subordinated Notes. The ZIC Subordinated Guarantee will rank equally with all ZIC's other outstanding unsecured and subordinated obligations, which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the beneficiaries under the ZIC Subordinated Guarantee. The Guaranteed Subordinated Notes issued by ZF (Luxembourg), ZF (UK) or ZF (Australia) will constitute direct, subordinated and unsecured obligations of the relevant Issuer and rank equally among themselves and with any other securities or obligations of the relevant Issuer, which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the Guaranteed Subordinated Notes issued by the relevant Issuer. The Deeply Subordinated Notes will constitute direct, unsecured, subordinated obligations of ZIC and rank junior to ZIC Subordinated Notes and to the ZIC Subordinated Guarantee and equally among themselves and with all other securities or obligations of ZIC, which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the Deeply Subordinated Notes. It should be noted that mandatory provisions of law may operate such that certain other obligations of the relevant Issuer or ZIC must be satisfied in preference to their obligations under the Notes and the ZIC Senior Guarantee or ZIC Subordinated Guarantee (as applicable). In particular, ZIC is subject to certain insurance and financial services laws, regulations and policies which include provisions whereby certain assets are tied to obligations towards the policyholders and cannot be used for settlement of obligations to other creditors. This could affect its position under the Notes or the ZIC Senior Guarantee or ZIC Subordinated Guarantee (as applicable) either in its capacity as Guarantor or as Issuer (as applicable).

Noteholders are dependent solely on the ability of the relevant Issuer and ZIC to comply with its obligations under the Notes and the ZIC Senior Guarantee or ZIC Subordinated Guarantee (as applicable), and do not have the benefit of collateral or other forms of credit support.

Any actual or perceived deterioration in the financial condition, results of operations or cashflow of the relevant Issuer, ZIC or Zurich Insurance Group (as defined below) could have a negative effect on the ability of the relevant Issuer or ZIC, as the case may be, to comply with its obligations under the Notes and the ZIC Senior Guarantee or ZIC Subordinated Guarantee (as applicable). In addition, investment in the Notes involves the risk that subsequent changes in actual or perceived creditworthiness of the relevant Issuer, ZIC or Zurich Insurance Group (as defined below) (as applicable) may adversely affect the market value of the Notes.

### **Ratings**

The financial strength and issuer credit ratings assigned to ZIC and other subsidiaries of Zurich Insurance Group Ltd ("**ZIG**" and, together with its subsidiaries, the "**Zurich Insurance Group**") may be changed, suspended or withdrawn at any time by rating agencies. A downgrade, or the potential for such a downgrade, to the financial strength or issuer credit ratings assigned to ZIC or other Zurich Insurance Group entities may have an adverse effect on their competitive and financial position. Rating agencies look at a range of rating factors. For example large losses due to natural catastrophes could weaken the financial position of ZIC or other Zurich Insurance Group entities and trigger a downgrade of their respective ratings. The Zurich Insurance Group has issued debt through various entities. Ultimately the credit ratings of these debt issues are linked to the financial strength ratings of ZIC. Changes in credit ratings may affect both the ability to obtain new financing and the cost of financing.

***The businesses, earnings and financial condition of ZIC and its operating subsidiaries are subject to the global economic, political and financial market environment and thus vulnerable to any slowdown or potential disruptions.***

The performance of ZIC and its operating subsidiaries has been and will continue to be influenced by the economic conditions of the countries in which it operates. Although the global financial system is recovering from the difficulties which first manifested themselves in August 2007 and culminated with the bankruptcy filing by Lehman Brothers in September 2008, a new dislocation of the financial system or the economy cannot be ruled out. Such conditions could lead to unprecedented levels of illiquidity, resulting in the development of significant problems for a number of the world's largest countries, corporate and financial institutions many of which are customers and counterparties of ZIC and its operating subsidiaries in the ordinary course of business.

The performance of ZIC and its operating subsidiaries may be affected by economic conditions impacting sovereign states including euro-zone member states. Any resulting increase in sovereign funding requirements may lead to the issue of significant volumes of debt, which may in turn reduce demand for debt issued by financial institutions and corporate borrowers. This could adversely affect the Zurich Insurance Group's access to the debt capital markets and may increase its funding costs, having a negative impact on its earnings and financial condition.

Volatility and disruption of capital and credit markets (including that arising by reason of the financial difficulties experienced by sovereign states described above) could affect the availability and cost of credit for financial institutions, including ZIC and its operating subsidiaries, and could continue to impact the credit quality of customers and counterparties. Such conditions, alone or in combination with regulatory changes or actions of other market participants, may cause ZIC and its operating subsidiaries to experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, write-downs and impairment charges, lower profitability, insufficient capital to match regulatory requirements, or the incurrence of losses.

In addition, ZIC and its operating subsidiaries will continue to be exposed to the risk of loss if major counterparty financial institutions fail or are otherwise unable to meet their obligations. Their performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may no longer be accurate given the unprecedented market disruption and general economic instability. Invested assets can become illiquid resulting in inability to monetise them if needed to meet unexpected liquidity needs. The precise nature of all the risks and uncertainties faced by ZIC and its operating subsidiaries as a result of current economic conditions cannot be predicted and many of these risks are outside their control.

Furthermore, ZIC and its operating subsidiaries may be exposed to increased geopolitical risk and political uncertainty. In particular, the decision by the United Kingdom to leave the European Union, the rise of European nationalist parties and expressions of support for increased protectionism in the United States may be indicative of a trend in favour of anti-globalisation. If such a trend continues to develop, it may adversely affect the global economy, its multilateral institutions and the markets in which ZIC and its operating subsidiaries conduct business, and may also result in an increasingly fragmented system of financial services regulation, all of which may have a material adverse effect on the results of operations and the financial condition of the ZIC Group.

***The actual or perceived failure or worsening credit risk of counterparties of ZIC or counterparties of ZIC's subsidiaries has adversely affected and could continue to adversely affect ZIC and its subsidiaries.***

The ability of ZIC and its subsidiaries (collectively the "ZIC Group") to engage in routine financial transactions has been and could continue to be adversely affected by the actual or perceived failure or worsening credit of its counterparties, including other financial institutions and corporate borrowers. The ZIC Group has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, other insurance companies and other institutional clients. As a result, defaults by, or even the perceived lack of creditworthiness of or concerns about financial services institutions or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by the ZIC Group or by other institutions. Many of these transactions expose the ZIC Group to credit risk in the event of default of the ZIC Group's counterparty or client. In addition, the ZIC Group's credit risk is exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the ZIC Group, which is most likely to occur during periods of illiquidity and depressed asset valuations. Any such losses could have a material adverse effect on the ZIC Group's results of operations and financial condition. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

***The ZIC Group's earnings and financial condition have been, and its future earnings and financial condition are, affected by asset valuations resulting from market conditions.***

Financial markets can be subject to significant stress conditions, where steep falls in perceived or actual asset values have been accompanied by a severe reduction in market liquidity, as exemplified by events affecting asset backed collateralised debt obligations ("CDOs"), the U.S. sub-prime residential mortgage market, the leveraged loan market and peripheral euro-zone debt markets. In dislocated markets, hedging and other risk management strategies have proven not to be as effective as they are in normal market conditions due in part to the decreasing credit quality of hedge counterparties, including monoline and other insurance companies and credit derivative product companies. Moreover, market volatility and illiquidity makes it difficult to value certain of the ZIC Group's exposures. Valuations in future periods, reflecting, among other things, then-prevailing market conditions and changes in the credit ratings of certain of the ZIC Group's assets, may result in significant changes in the fair values of the ZIC Group's exposures, even in respect of exposures for which the ZIC Group has previously recorded write-downs. In addition, the value ultimately realised by the ZIC Group may be materially different from the current or estimated fair value. Any of these factors could require the ZIC Group to recognise further significant write-downs or realise increased impairment charges, any of which may adversely affect their capital position, their financial condition and their results of operations.

***Factors such as consumer spending, business investment, government oversight, the volatility and strength of the capital***



***markets, and inflation all affect the business and economic environment and, ultimately, the amount and profitability of the ZIC Group's business.***

In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the ZIC Group's financial and insurance products could be adversely affected. In addition, the ZIC Group may experience an elevated incidence of claims and lapses or surrenders of policies. The ZIC Group's policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect earnings negatively and could have a material adverse effect on its business, results of operations and financial condition. Because insurance assets serve as collateral for policyholder liabilities in most regulated jurisdictions, even limited losses on invested assets can have a severe adverse impact on the value and/or on cash flows available to service liabilities related to issued senior or subordinated debt of the ZIC Group. In addition, regulators or courts may block, confiscate or otherwise influence the status of the ZIC Group's invested assets, impairing their ability to service their obligations.

See also "Regulatory or legal changes" below.

***ZIC is an operative company and the shareholder of several subsidiaries. A considerable part of its income depends on distributions from its subsidiaries. If distributions from ZIC's subsidiaries are materially impaired, ZIC's ability to make interest or principal payments on the Senior Notes, Subordinated Notes or Deeply Subordinated Notes issued by ZIC or payments under the ZIC Senior Guarantees or ZIC Subordinated Guarantees given by ZIC for Notes issued by the other Issuers may be adversely affected.***

ZIC is an operative company and the shareholder of several subsidiaries. A considerable part of its assets consists of shares of stock or other equity interests in or amounts due from subsidiaries. A considerable part of its income is derived from those subsidiaries.

ZIC's insurance subsidiaries may declare and pay dividends only if they are permitted to do so under the insurance regulations of their respective states of domicile. If insurance regulators otherwise determine that a cash distribution would be detrimental to an insurance subsidiary's policyholders or creditors, because of the financial condition of the insurance subsidiary or otherwise, the regulators may block cash distributions that would otherwise be permitted without prior approval. Accordingly, the ability of certain subsidiaries to pay dividends and other distributions and to make loans to ZIC could be restricted.

ZIC's insurance subsidiaries must comply with various laws which may require them to maintain minimum amounts of working capital, surplus and reserves and place restrictions on the amount of dividends that they can distribute. Compliance with these laws will limit the amounts ZIC's regulated subsidiaries can pay as dividends.

Accordingly, restrictions on the ability of ZIC's subsidiaries to pay dividends or to make other cash payments may materially affect ZIC's ability to meet (i) obligations with respect to the Senior Notes, Subordinated Notes or Deeply Subordinated Notes ZIC issues, including the payment of principal and interest and (ii) obligations under the ZIC Senior Guarantees or ZIC Subordinated Guarantees given by ZIC for Notes issued by the other Issuers.

In addition, as an equity holder, ZIC's ability to participate in any distribution of assets in a winding-up of any subsidiary is subordinate to the claims of creditors of the subsidiary, except to the extent that any claims ZIC may have as a creditor of the subsidiary are judicially recognised.

***The ZIC Group has credit exposure arising from OTC derivative contracts***

The ZIC Group has credit exposure arising from over-the-counter derivative contracts which are carried at fair value. The fair value of these over-the-counter derivatives, as well as the ZIC Group's exposure to the risk of default by the underlying counterparties, depends on the valuation and the perceived credit risk of the instrument against which protection has been bought.

***The ZIC Group relies on third-party vendors for technology and information systems that are critical to its business.***

The ZIC Group depends significantly on the effective operation of its technology and information systems. A substantial part of its technology and information systems are provided by third-party vendors. Accordingly, if any key vendor were unable to continue to provide its products or services or keep pace with advancements in technology, the ZIC Group may suffer operational impairments which could have a material adverse effect on its business, financial condition or results of operations. In addition, any failure on the part of any key vendor to protect the personal information of the ZIC Group's customers, claimants or employees could interrupt or damage the ZIC Group's operations, harm its reputation, lead to a loss in competitive advantage or to lawsuits or regulatory actions or otherwise have a material adverse effect on its business, financial condition or results of operations.

***If the ZIC Group experiences difficulties with data security, its ability to conduct its business could be negatively impacted.***

The ZIC Group's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Computer viruses, hackers, employee misconduct or other external hazards could expose its data systems to security breaches. As part of its business, the ZIC Group routinely transmits and receives personal, confidential and proprietary information by email and other electronic means. Although the ZIC Group believes that it has effective controls in place to secure transmission capabilities with third-party vendors and others with whom it does business, there always remains a residual risk of a data security incident.

The residual risks, and increased regulatory requirements regarding data security, could potentially expose the ZIC Group to data loss, monetary or reputational damages or significant increased compliance costs. As a result, the ZIC Group's ability to conduct its business might be adversely affected.

### *Risk of insufficiency of loss reserves*

ZIC and its operating subsidiaries maintain loss reserves for their insurance and run-off reinsurance businesses to cover estimated liability for losses and loss adjustment expenses for reported and unreported losses incurred as of the end of each accounting period. Such loss reserves may prove to be inadequate to cover actual losses and benefits experience. Additional losses, including losses arising from changes in the interpretation of legal liability, or the assessment of damages caused by judicial decisions or changes in law, the type of magnitude of which cannot be foreseen, may emerge in the future.

Loss reserves are established such that the provision for losses and benefits represents an amount that is believed to be greater than the mathematically expected amount that will be required to ultimately settle all claims incurred as of the fiscal year-end and interim statements. As such the provision makes allowance for identified sensitivities underlying the reserve estimates. These estimates are based on actuarial and statistical projections, at a given time, of facts and circumstances known at that time and estimates of trends in loss severity and other variable factors, including new concepts of liability or other changes in legal precedents and general economic conditions. Changes in these trends or other variable factors could result in claims in excess of loss reserves.

For some types of losses, most significantly long tail exposures under workers' compensation and general liability contracts, as well as losses related to asbestos and environmental pollution, it has been necessary, and may over time be necessary, to increase estimated ultimate loss and, therefore, the related loss reserves. Consequently, actual losses, benefits and related expenses paid may differ from estimates reflected in the loss reserves in the financial statements of ZIC or its operating subsidiaries.

Any insufficiencies in or need to increase loss reserves maintained by ZIC or its operating subsidiaries for future claims on insurance obligations underwritten by ZIC or its operating subsidiaries could have a material adverse effect on the financial condition, results of operations and cash flows of ZIC or its operating subsidiaries (as applicable).

### *Life insurance:*

#### *Biometric Risks*

Assumptions about mortality and morbidity used in pricing products are based on information provided from company and industry statistics and market information. These assumptions relate to the ZIC Group's best estimate of the experience in each year. However a global pandemic, such as avian flu or swine flu, may produce an increase in mortality or morbidity in excess of its assumptions. This will lead to the number of claims being paid being greater than planned. These types of events are considered when assessing and reviewing a variety of financial covers, such as reinsurance.

Life expectancies continue to increase in the world's developed areas. If mortality estimates, including rates of future mortality improvement, prove to understate such rates of improvement, liabilities to policyholders in connection with pensions and annuity products will increase at a rate faster than expected. This may lead to significant unexpected losses.

#### *Surrenders*

Surrenders of deferred annuities and life insurance products can result in losses and decreased revenues relating to future profits if surrender levels differ significantly from assumed levels. Surrenders could require the ZIC Group to dispose of assets earlier than planned, possibly at a loss especially if involving early redemption of large illiquid assets. Moreover, surrenders require faster amortisation of the ZIC Group's deferred acquisition costs associated with the original sale of a product, thus reducing its net income.

#### *Options and guarantees*

Some life products contain options and guarantees for policyholders, such as guaranteed interest rates and surrender guarantees. These vary by product and country in which they have been written. Adverse financial market movements may result in increases in the value of these guarantees. The long term characteristic of the liabilities, especially for annuity and pension products or back-ended products (where claims are paid later than premiums), represents a potential reinvestment risk for the ZIC Group's life business. Asset liability management follows this risk closely, and financial hedges are introduced when deemed necessary. Similarly, a significant increase in yield curves might encourage financially aware policyholders to lapse their contracts on guaranteed terms, resulting in significant losses from realised capital losses and decreased revenues.

#### *Variable Life Insurance Contracts with Guarantees or Stable Value Protection Features*

Certain of the ZIC Group's subsidiaries sell variable life insurance products under which premiums are deposited into underlying funds selected by the policyholder and the policyholder bears the full investment risk associated with such funds. However, certain variable life insurance products have also been sold which contain guarantees or stable value protection features for which ZIC Group subsidiaries have recorded additional policyholder benefits.

Variable life insurance products that contain guarantees arise primarily in the subsidiary Zurich American Life Insurance Company ("ZALICO") (formerly known as Kemper Investors Life Insurance Company or KILICO) which in the past wrote variable annuity contracts that provide policyholders with certain guarantees related to minimum death and income benefits. After 2001, ZALICO no longer issued these contracts. The ZIC Group has a dynamic hedging strategy to manage its economic exposure and reduce the volatility associated with this closed book of variable annuity contracts. New life insurance products developed with financial guarantees are subject to review and approval by the ZIC Group-level product approval committee.

Variable life insurance products that contain stable value protection features (“SVPs”) are designed to amortise on a quarterly basis the investment gains and losses of the investment portfolios underlying these contracts, which are owned by banks (Bank Owned Life Insurance or BOLI) and other companies (Company Owned Life Insurance or COLI). Premiums received from policyholders under these policies are invested in separate account portfolios. Throughout the life of the policies, policyholders are entitled, in addition to mortality cover, to the tax-exempt investment returns of such separate account portfolios. The policies are long duration contracts providing charges and benefits over a policy life that can be greater than 40 years. When SVPs form part of these investment portfolios, they reduce the volatility of the policyholders’ investment returns. In the event that a policy is surrendered which has a positive SVP value, the policyholder would be entitled to recover such SVP value as well as the market value of the underlying investments. Certain policy features as well as the applicable tax regulations provide disincentives for surrender. The ZIC Group monitors the risk of surrender on an ongoing basis and considers the likelihood of surrender as an input factor to the model to determine the fair value of the SVPs.

#### ***Inability of reinsurers to meet their obligations and unavailability of reinsurance***

ZIC and its operating subsidiaries transfer exposure to certain risks to third parties through reinsurance arrangements. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Although periodic reviews of the financial statements and reputations of the relevant reinsurers are conducted, such reinsurers may become financially unable or unwilling to honour their commitments by the time they are called upon to pay amounts due, which may not occur for many years. In addition, reinsurance may prove inadequate to protect against losses or may become unavailable in the future at commercially reasonable rates.

#### ***Competition risks***

ZIC and its operating subsidiaries participate in a highly competitive market. Developments in this market and increased competition may adversely affect the financial position of ZIC and its operating subsidiaries. Continued consolidation of the insurance industry could lead to market-wide price reductions resulting in pressure on margins. Such competitive pressure may lead to adjustments to policy terms, withdrawal from or reduction of capacity in certain business lines or reduction of prices resulting in decreased margins.

#### ***Foreign currency exchange risks***

Due to the international nature of their businesses, the ZIC Group is exposed to various currency exchange risks which can affect liquidity, profit and loss, shareholders’ equity, capital position and the overall economic enterprise value. ZIC’s consolidated financial statements are reported in U.S. Dollars, but its assets, liabilities, income and expenses are denominated in many currencies with significant amounts notably in Euro, Swiss Franc, British Pound, U.S. Dollars and Australian Dollars. Therefore, fluctuations in exchange rates between currencies have an impact on the consolidated financial condition, results of operations and cash flow from year to year of ZIC.

#### ***Regulatory investigations, litigation and settlement risks***

The ZIC Group is, and may in the future be, involved in civil litigation and/or regulatory investigations, the outcomes of which cannot be predicted.

The initiation of litigation proceedings and/or regulatory investigations and their outcomes may adversely affect the financial position of the ZIC Group.

For further details see “Zurich Insurance Company Ltd — Legal, Compliance and Regulatory Developments, Proceedings and Investigations” below.

#### ***Regulatory or legal changes***

Insurance laws, regulations and policies currently governing ZIC and its operating subsidiaries may change at any time in ways which may adversely affect their business. Furthermore, it is not possible to predict the timing or form of any future regulatory initiatives. The ZIC Group is subject to applicable government regulation in each of the jurisdictions in which business is conducted, as well as to group supervision in Switzerland (its jurisdiction of incorporation). The insurance industry is affected by political, judicial and other legal developments which have at times in the past resulted in new or expanded scopes of liability.

Satisfaction of increased regulatory requirements could require additional regulatory capital, involve additional expense or otherwise adversely affect ZIC’s financial position and that of its operating subsidiaries.

In Switzerland, risk based capital requirements are regulated in accordance with the Swiss Solvency Test (the “SST”) as set forth in the Ordinance on the Supervision of Private Insurance Companies (the “**Insurance Supervisory Ordinance**”, or “**ISO**”) (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — Aufsichtsverordnung, AVO*) of 9 November 2005, as amended from time to time. Swiss insurers are required to hold sufficient risk-bearing capital in order to cover their target capital under the SST since 1 January 2011. Following amendments to the ISO, which came into force on 1 July 2015, Swiss law no longer stipulates a Solvency I capital requirement, unless still required pursuant to a bilateral treaty. The revised ISO furthermore requires supervised entities to conduct their Own Risk and Solvency Assessment (“**ORSA**”) and public disclosure requirements. The main purpose of the revision was to enable the European Commission to acknowledge the equivalence of the Swiss solvency provisions with Solvency II (see below).

On 7 September 2016, the Swiss Federal Council instructed the Swiss Federal Department of Finance to prepare a consultation draft for an amendment of the Federal Act on the Supervision of Insurance Companies (the “**Insurance Supervisory Act**”, or

“ISA”) (*Bundesgesetz betreffend die Aufsicht über Versicherungsunternehmen – Versicherungsaufsichtsgesetz, VAG*). The amended ISA shall among other things introduce rules regarding the reorganisation of insurance companies and shall contain rules regarding due diligence requirements applicable to insurance companies providing financial services, which were originally envisaged to be covered in the Federal Financial Services Act (“FFSA”). As preliminary consultations are still proceeding on the revision of the ISA, neither the amended ISA nor the Swiss Federal Council’s dispatch (explanatory report) regarding the amended ISA have been published. Consequently, as at the date of this Base Prospectus, the possible impact of the amended ISA on insurance companies and their businesses cannot be determined.

On 25 November 2009, *Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (“Solvency II”)* was adopted in the European Union. Solvency II came into force on 1 January 2016. Solvency II establishes economic risk-based solvency requirements which supersede Solvency I in their sophistication and risk-sensitiveness. As part of the risk management system, all EU/EEA insurance and reinsurance entities are required to conduct their ORSA, including the assessment of the overall solvency needs reflecting their specific risk profiles. As part of the disclosure provisions, companies have to publicly report their solvency and financial condition. Under Solvency II, the European Commission may, after consultation with the European Insurance and Occupational Pensions Authority (“EIOPA”), adopt decisions on equivalence of third-country systems. On 5 June 2015, following advice from EIOPA, the European Commission recognised the Swiss insurance supervision system as equivalent to Solvency II with regards to solvency requirements, group supervision and reinsurance.

In the U.S., new reserving standards are being developed by the U.S. National Association of Insurance Commissioners (“NAIC”) that would replace current statutory reserving practices for life insurance products and variable annuities with a principles-based approach to valuation of capital and reserves. Although there has been increasing legislative and regulatory activity in the aftermath of the last financial crisis which may adversely impact bank and non-bank financial companies’ business and investment activities, the current U.S. administration has signalled an intent to roll back various regulations, including, but not limited to, the Dodd-Frank Act. These efforts may change the federal government’s role in insurance regulation. Currently, the U.S. federal government does not directly regulate the business of insurance. However, federal legislation and administrative policies in several other areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation and taxation. Despite these developments, other initiatives may be brought before the U.S. Congress in the future which seek to regulate the business of insurance at the federal level. The ZIC Group cannot predict whether any such proposals will be made (and, if made, whether such proposals will be adopted) nor can they predict what impact, if any, such proposals or, if enacted, such laws, could have on the ZIC Group’s business, financial condition or results of operations.

Following the reduction in the U.S. federal corporate income tax rate (see “*Tax liabilities of the Zurich Insurance Group may be adversely affected by recent U.S. tax legislation*” below), the NAIC may revise the methodology for calculating the risk-based capital (“RBC”) ratios of insurance companies and increase the amount of capital and reserves insurance companies are required to hold. If such potential revision of the NAIC’s RBC ratio methodology would result in a reduction in the ZIC Group’s combined RBC ratio, the ZIC Group’s insurance subsidiaries may be required to hold additional capital and reserves. Any reduction in the RBC ratios of the ZIC Group’s insurance subsidiaries could adversely affect their financial strength ratings.

In the wake of the last financial crisis a number of reforms of the regulation and supervision of financial institutions and markets have been proposed by regulators, governments, groups thereof (such as the G20) and international standard-setting bodies. These proposals primarily aim at addressing the issue of financial stability and the perceived gaps in the regulatory and supervisory frameworks which might have contributed to the financial crisis, *inter alia*, possible changes in accounting standards (including fair value accounting), management remuneration structures, internal control systems, capital and liquidity requirements, and complexity of groups including their structures. These proposals also seek greater co-operation and co-ordination as well as information exchange between supervisors and other authorities internationally. Improvements to the supervision of internationally active insurance groups is a key objective in this context. While these proposals were initially focused on the banking sector, they have expanded to the insurance sector and several are still under development. Accordingly, the financial consequences for the insurance sector generally (and particularly for the ZIC Group) of the implementation of all or some of such proposals cannot yet be fully determined. Regarding the insurance sector, the International Association of Insurance Supervisors (the “IAIS”) published its first assessment methodology to identify global systemically important insurers (“G-SIIs”) in July 2013, as well as policy measures to be applied to such designated insurers. On 21 November 2017, the Financial Stability Board decided not to publish an updated list of G-SIIs and to rely on the 2016 list for the application of G-SII policy measures, on which Zurich Insurance Group does not feature. The associated G-SII policy measures include enhanced supervision by the group supervisor, recovery and resolution powers and measures notably including planning, and the application of a higher-loss absorbing capital add-on. More recently the IAIS started working on an activities-based approach to systemic risk in the insurance sector. A first, interim consultation ended in the first quarter of 2018. The IAIS considers the activities-based approach to complement and not replace the existing G-SII assessment approach. In parallel, the IAIS is pursuing a multi-year project to introduce a common framework for the supervision of internationally active insurance groups (regardless of their status as G-SIIs) which aims to encompass a global insurance capital standard (“ICS”). Following a monitoring period from 2020 to 2025 during which solvency under the ICS will be confidentially reported (with no corresponding supervisory measures) to the group-wide supervisors and discussed in the supervisory colleges, implementation is set to start in 2026.

The above proposals, if adopted, could require additional regulatory capital of the ZIC Group, require changes to the way in which

the ZIC Group carries on its business, lead to additional expense or otherwise adversely affect ZIC's financial position and that of its operating subsidiaries.

### ***Natural and man-made catastrophe risks***

General insurance companies frequently experience losses from catastrophes. Catastrophes may have a material adverse effect on the financial condition, results of operations and cash flows of ZIC and its operating subsidiaries.

Natural catastrophes include, but are not limited to hurricanes, floods, windstorms, tidal waves, earthquakes, tornadoes, fires, severe hail and severe winter weather, and are inherently unpredictable in terms of both their occurrence and severity. Catastrophes can also be man-made, such as terrorist attacks, explosions, fires and oil spills. The incidence and severity of these catastrophes in any given period are inherently unpredictable.

### ***Deferred tax assets and liabilities***

Deferred tax assets and liabilities of the ZIC Group are recorded in the tax paying entities throughout the world, which may include several legal entities within each tax jurisdiction. The recoverability of the deferred tax asset of each taxpayer is based on its ability to utilise the deferred tax asset over a reasonable period of time. ZIC or the relevant subsidiary may not be able to fully recover its deferred tax assets in each jurisdiction.

### ***Tax authorities may dispute submitted tax returns of the Zurich Insurance Group, which could adversely affect it.***

Tax authorities throughout the world who examine submitted tax returns may dispute the basis of computation and propose adjustments which may lead to additional tax charges, interest and/or penalties.

### ***Tax liabilities of the Zurich Insurance Group may be adversely affected by recent U.S. tax legislation.***

On 22 December 2017, President Trump signed into law H.R. 1, commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "**2017 Tax Reform Act**"). The 2017 Tax Reform Act includes numerous changes in U.S. tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%, which took effect for taxable years beginning on or after 1 January 2018, and the adoption of a territorial international tax system which generally eliminates U.S. federal income tax on dividends received from foreign subsidiaries.

The 2017 Tax Reform Act includes changes to the amortization periods for deferred acquisition costs, the computation of insurance tax reserves, the deductibility of certain corporate expenses, and the rules relating to the dividends received deduction that, in their particulars, may not be entirely positive for the Zurich Insurance Group. The 2017 Tax Reform Act also includes new limitations on the net interest expense deduction, changes to the deduction for net operating losses, and adopts a Base Erosion and Anti-Abuse Tax (the "**BEAT**"), that would impose a minimum tax on U.S. companies whose tax base is deemed eroded by tax-deductible payments to related parties. Each of these measures could, under certain circumstances, have an adverse impact on the Zurich Insurance Group and certain of its affiliates.

Other proposals that have been under consideration by Congress include elimination of the tax deferral on the accretion of value within certain annuities and life insurance products. These proposals were not enacted as part of the 2017 Tax Reform Act, but, if adopted in the future, such changes would make these products less attractive to prospective purchasers and therefore would be likely to reduce the Zurich Insurance Group's sales of these products.

Future guidance with respect to the 2017 Tax Reform Act, as well as additional Federal and state tax legislation in the United States, could result in higher taxes on insurance companies and adversely affect the value of the investment portfolio of the Zurich Insurance Group.

### ***FATCA Withholding***

Certain provisions of U.S. tax law (commonly referred to as "**FATCA**") generally impose a withholding tax of 30 per cent on interest income (including Original Issue Discount ("**OID**")) from debt obligations of U.S. issuers such as ZHCA and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a foreign financial institution (other than with respect to interest (including **OID**) or gross proceeds that are effectively connected with the conduct of a trade or business within the United States), unless such institution either (i) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements including in some cases providing local revenue authorities with similar account holder information. The FATCA provisions also generally impose a withholding tax of 30 per cent on interest income from such obligations and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity (other than with respect to interest or gross proceeds that are effectively connected with the conduct of a trade or business within the United States) unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity or unless certain exceptions apply or they agree to provide certain information to other revenue authorities for transmittal to the IRS.

FATCA provisions also impose a 30 per cent U.S. withholding tax on certain "pass-thru" payments by foreign financial institutions. Treasury Regulations provide that the withholding tax will not be imposed on pass-thru payments by foreign financial

institutions until after 31 December 2018 at the earliest.

Although the application of the FATCA withholding tax to pass-thru payments by foreign financial institutions is still uncertain, as the scope of these rules are still being determined by U.S. tax authorities, it is possible that in some circumstances payments by ZF (Luxembourg), ZF (UK), ZF (Australia) or ZIC on Notes after 31 December 2018 to persons failing to meet certain FATCA reporting or certification requirements may be treated as “pass-thru payments” subject to U.S. withholding tax. Such withholding would apply to a Note issued or deemed issued after the date that is six months after the date on which final U.S. Treasury Regulations defining the term “foreign passthru payment” are filed with the Federal Register.

Under the Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Terms and Conditions of the Subordinated Notes, no Additional Amounts (as such term is defined in Condition 8 of the Terms and Conditions of the Senior Notes, Condition 7 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 8 of the Terms and Conditions of the Subordinated Notes) are due with respect to a tax imposed under the FATCA rules. Holders of Senior Notes, Subordinated Notes and Deeply Subordinated Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Senior Notes, the Subordinated Notes and the Deeply Subordinated Notes.

#### ***Adequacy of resources to meet pension obligations***

There is a risk that provisions for present and/or future obligations to employees under the ZIC Group’s pension plans and other defined post-employment benefits may not be adequate. In assessing the ZIC Group’s liability for defined benefit pension plans and other post-employment plans, critical judgments include estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, expected long-term rates of return on plan assets, future salary increases, future pension increases, increases in long-term healthcare costs and inflation rates. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in variability of the ZIC Group’s pension funding requirements and pension income or expense recorded in future years. In addition, pension related regulations are subject to review and change in many countries in which the ZIC Group operates. Further changes to actuarial assumptions or capital requirements in jurisdictions in which the ZIC Group has employees, and other factors such as business restructuring, could adversely affect its ability to meet its pension funding obligations.

#### ***Farmers Group, Inc.’s management fees for its services may drop significantly***

Farmers Group, Inc. provides non-claims related insurance management services for the Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange (reciprocal insurers domiciled in California, USA) and their subsidiaries (together, the “**Farmers Exchanges**”) as their attorney-in-fact. Management fees earned by it are based upon the volume of gross premiums earned by the Farmers Exchanges, whose ability to continue writing insurance is dependent upon, *inter alia*, statutory surplus levels and price competition. Any deterioration in the volume of gross premiums earned by the Farmers Exchanges may therefore affect the level of management fees received by Farmers Group, Inc. for its management services.

- **Risks related to the Subordinated Notes and the Deeply Subordinated Notes**

Set out below is a brief description of certain risks relating to the Subordinated Notes and the Deeply Subordinated Notes generally.

Capitalised terms used but not defined in this section shall have the meaning given to them in the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Terms and Conditions of the Subordinated Notes, as applicable.

#### ***Restricted remedies for non-payment***

*In the case of Subordinated Notes or Deeply Subordinated Notes issued by ZIC pursuant to the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes*

If ZIC fails to make any payment of principal or interest on the Subordinated Notes or the Deeply Subordinated Notes when due, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of ZIC in respect of such unpaid principal or interest provided that the Trustee and the Noteholders have no right to claim or enforce an early redemption of the Subordinated Notes or the Deeply Subordinated Notes or institute proceedings for the winding up of ZIC. If, except for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of ZIC, the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders (an “**Approved Liquidation**”), a resolution is passed or an order of a court of competent jurisdiction is made that ZIC be wound up or dissolved (any such resolution or order, a “**Liquidation Ruling**”) the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to ZIC that the relevant Subordinated Notes or Deeply Subordinated Notes are immediately due and repayable at an amount equal to the principal amount of such Subordinated Note or Deeply Subordinated Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).

No payment in respect of the Subordinated Notes or the Deeply Subordinated Notes may be made by ZIC pursuant to the paragraph above and as further described in Condition 9(c) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings. No other remedy against ZIC, other than referred to above is available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Subordinated Notes or the Deeply Subordinated Notes issued by ZIC.

Neither the Trustee nor the Noteholders may institute any winding-up proceedings to enforce the obligations of ZIC for payment of any principal or interest (including any Arrears of Interest in respect of the Subordinated Notes or the Deeply Subordinated Notes issued by ZIC).

In addition the claims of holders of higher ranking claims will first have to be satisfied in any winding-up proceedings before the Noteholders may expect to obtain any recovery in respect of their Subordinated Notes or Deeply Subordinated Notes and prior thereto Noteholders will have only limited ability to influence the conduct of such winding-up proceedings (see the risk factor entitled “*The Issuer's obligations under the Subordinated Notes and the Deeply Subordinated Notes are subordinated*” for further details).

*In the case of Subordinated Notes issued by an Issuer other than ZIC pursuant to the Terms and Conditions of the Subordinated Notes*

If the relevant Issuer fails to make any payment of principal or interest on the Subordinated Notes when due, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the relevant Issuer in respect of such unpaid principal or interest provided that the Trustee and the Noteholders have no right to claim or enforce an early redemption of, the Subordinated Notes or institute proceedings for the winding up of the relevant Issuer.

If the Guarantor fails to pay (pursuant to the relevant ZIC Subordinated Guarantee) an amount claimed in accordance with the ZIC Subordinated Guarantee, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Guarantor in respect of such unpaid amounts provided that the Trustee and the Noteholders have no right to claim any sums in respect of, or enforce an early redemption of, the Subordinated Notes or institute proceedings for the winding up of the Guarantor.

If, except for the purposes of or pursuant to and followed by an Approved Liquidation of the relevant Issuer or, as the case may be, the Guarantor, a Liquidation Ruling is made against the relevant Issuer or the Guarantor and subject to the paragraph below and as further described in Condition 10(c)(ii) of the Terms and Conditions of the Subordinated Notes, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the relevant Issuer and ZIC that the Subordinated Notes are immediately due and repayable at an amount equal to the principal amount of such Subordinated Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).

Condition 10(c)(ii) of the Terms and Conditions of the Subordinated Notes provides that, if, on or following the date of any such Liquidation Ruling described above, a Solvency Event in relation to the Zurich Insurance Group (a “**Group Solvency Event**”) has occurred and is continuing or would occur as a result of the Subordinated Notes becoming due and payable as described above and as further described in Condition 10(c)(i) of the Terms and Conditions of the Subordinated Notes, then the Subordinated Notes shall become due and payable in accordance with Condition 10(c)(i) of the Terms and Conditions of the Subordinated Notes upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, the Subordinated Notes shall in addition become due and payable in the proceedings which implement such Liquidation Ruling at an amount equal to the principal amount of such Subordinated Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest) upon any amounts in respect of any Relevant Junior or Pari Passu Securities (as defined in the Terms and Conditions of the Subordinated Notes) becoming due and payable in such proceedings.

No payment in respect of the Subordinated Notes may be made by the relevant Issuer or the Guarantor pursuant to the paragraph above and as further described in Condition 10(c) of the Terms and Conditions of the Subordinated Notes, nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.

No other remedy against the relevant Issuer or the Guarantor, other than referred to above is available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Subordinated Notes or the applicable ZIC Subordinated Guarantee.

Neither the Trustee nor the Noteholders may institute any winding-up proceedings to enforce the obligations of the relevant Issuer or the Guarantor for payment of any principal or interest (including any Arrears of Interest in respect of the Subordinated Notes).

In addition, the claims of holders of higher ranking claims will first have to be satisfied in any winding-up proceedings before the Noteholders may expect to obtain any recovery in respect of their Subordinated Notes and prior thereto Noteholders will have only limited ability to influence the conduct of such winding-up proceedings (see the risk factor entitled “*The Issuer's obligations under the Subordinated Notes and the Deeply Subordinated Notes are subordinated*” for further details).

***The Issuer's obligations under the Subordinated Notes and the Deeply Subordinated Notes are subordinated***

*In the case of Subordinated Notes and Deeply Subordinated Notes issued by ZIC pursuant to the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes*

The Subordinated Notes will constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition or other similar proceedings, the payment obligations of the Issuer under or arising from the Subordinated Notes and the Trust Deed shall, in accordance with Condition 3(a) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, be subordinated to the claims of all Senior Creditors of the Issuer but

shall rank at least *pari passu* with the claims under the Pari Passu Instruments and prior to the claims under the Junior Instruments (as each such term is defined in the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes).

The Deeply Subordinated Notes are further subordinated to the Subordinated Notes and will constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of winding-up proceedings, the payment obligations of the Issuer under or arising from the Deeply Subordinated Notes and the Trust Deed shall, in accordance with Condition 3(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, be subordinated to the claims of all Senior Creditors of the Issuer (including holders of Subordinated Notes) but shall rank at least *pari passu* with the claims under the Pari Passu Instruments and prior to the claims under the Junior Instruments (as each such term is defined in the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes).

*In the case of Subordinated Notes issued by an Issuer other than ZIC pursuant to the Terms and Conditions of the Subordinated Notes*

The Subordinated Notes will constitute direct, subordinated and unsecured obligations of the relevant Issuer and rank *pari passu* and without any preference among themselves. In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition or other similar proceedings, the payment obligations of the relevant Issuer under or arising from the Subordinated Notes and the Trust Deed shall, in accordance with Condition 3(a) of the Terms and Conditions of the Subordinated Notes, be subordinated to the claims of all Senior Creditors of the relevant Issuer but shall rank at least *pari passu* with the claims under the Pari Passu Instruments and prior to the claims under the Junior Instruments (as each such term is defined in the Terms and Conditions of the Subordinated Notes).

By virtue of such subordination as described above, payments to a Noteholder will, in the events described in the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Terms and Conditions of the Subordinated Notes, as applicable, only be made after all obligations of the relevant Issuer resulting from higher ranking claims have been satisfied. A Noteholder may, therefore, recover less than the holders of unsubordinated or other prior ranking subordinated liabilities of the relevant Issuer and holders of the Deeply Subordinated Notes may recover less than holders of the Subordinated Notes issued by ZIC.

Furthermore, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Terms and Conditions of the Subordinated Notes will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the relevant Subordinated Notes or Deeply Subordinated Notes, which may be incurred or assumed by the relevant Issuer from time to time, whether before or after the relevant Issue Date. The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders in the event of winding-up proceedings of the relevant Issuer and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes or Deeply Subordinated Notes (see the risk factor entitled "*Interest payments on the Subordinated Notes and the Deeply Subordinated Notes may, and in certain circumstances will, be deferred*" for further details).

Subject to applicable law, no Noteholder may set-off any claims in respect of any amount owed to it by the relevant Issuer arising under or in connection with the Subordinated Notes or the Deeply Subordinated Notes and each Noteholder shall, by virtue of being the holder of any such Note, be deemed to have irrevocably waived all such rights of set-off.

Although the Subordinated Notes and the Deeply Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Subordinated Notes or the Deeply Subordinated Notes will lose all or some of its investment should the relevant Issuer become insolvent.

***Interest payments on the Subordinated Notes and the Deeply Subordinated Notes may, and in certain circumstances must, be deferred***

If so specified in the applicable Pricing Supplement, the relevant Issuer may elect to defer any interest payment which would otherwise be payable on any Optional Interest Payment Date in accordance with Condition 5(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 6(b) of the Terms and Conditions of the Subordinated Notes, provided that, subject to Condition 5(c) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 6(c) of the Terms and Conditions of the Subordinated Notes, if the Relevant Regulator no longer accords the relevant Subordinated Notes or Deeply Subordinated Notes any regulatory capital credit under the Applicable Capital Regulations the relevant Issuer will only be permitted to exercise its option to defer the relevant interest payment on such Optional Interest Payment Date for a period of five years.

It is possible that an Optional Interest Payment Date with respect to Deeply Subordinated Notes may not also constitute an Optional Interest Payment Date with respect to Subordinated Notes issued by ZIC, given the relative ranking of these instruments. As a result, payments of interest and settlement of Arrears of Interest may become mandatory on Subordinated Notes without also becoming mandatory on Deeply Subordinated Notes issued by ZIC.

The relevant Issuer will be required to defer any payment of interest which would otherwise be payable on the Subordinated Notes and the Deeply Subordinated Notes on each Solvency Interest Deferral Date (being an Interest Payment Date in respect of which a Solvency Event has occurred and is continuing or would occur if payment of interest were made).

A Solvency Event will be deemed to have occurred (unless exceptionally waived by the Relevant Regulator in the circumstances permitted under the Applicable Regulations) if (i) ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover (as applicable) its required minimum solvency margin or meet any other required level of own funds regulatory capital (or



another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations; or (ii) ZIC and/or ZIG has reasonable grounds for concern that it is unable to pay its debts owed to its, or their respective, Senior Ranking Creditors as they fall due; or (iii) the Assets of ZIC and/or the Zurich Insurance Group do not exceed its, or their respective, Liabilities; or (iv) any other event has occurred which, under the Applicable Regulations, in order for the relevant Notes to continue to qualify as Relevant Capital, would require payment of principal or interest, as applicable, on the relevant Notes to be deferred; or (v) the Relevant Regulator has given notice to ZIC and/or ZIG (in the case of the Zurich Insurance Group) that it has determined that the relevant Issuer must take action in relation to payments on subordinated notes, including the relevant Subordinated Notes or Deeply Subordinated Notes, as applicable.

The deferral of interest as described above will not constitute a default by the relevant Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the relevant Series of Subordinated Notes or Deeply Subordinated Notes or take any enforcement action under such Notes, the Trust Deed or the ZIC Subordinated Guarantee (if applicable) for any purpose unless such payment is required in accordance with Condition 5(e) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 6(e) of the Terms and Conditions of the Subordinated Notes. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest.

Other than upon the commencement of winding-up proceedings or a dissolution of the relevant Issuer or, as the case may be, ZIC (except for the purposes of or pursuant to and followed by an Approved Liquidation), any payment of Arrears of Interest shall only be due and payable provided that no Solvency Event has occurred and is continuing on the date such payment would otherwise fall due or would occur as a result of such payment, and, in either such case, the prior written approval of the Relevant Regulator for such payment has been obtained to the extent required at the time. Arrears of Interest and any other amount, payment of which is so deferred, shall not themselves bear interest.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes or the Deeply Subordinated Notes, as applicable. In addition, as a result of the interest deferral provision of the Subordinated Notes and the Deeply Subordinated Notes, the market price of such Notes may be more volatile than the market prices of other debt securities that are not subject to such deferral of interest and may be more sensitive generally to adverse changes in the relevant Issuer's, ZIC's (where ZIC is not the relevant Issuer), ZIG and the Zurich Insurance Group's financial condition.

***Redemption payments under the Subordinated Notes and the Deeply Subordinated Notes must, under certain circumstances, be deferred***

The relevant Issuer must defer redemption of any Series of Subordinated Notes or Deeply Subordinated Notes on the relevant Maturity Date (if applicable) pursuant to Condition 6(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 7(b) of the Terms and Conditions of the Subordinated Notes in the event that a Solvency Event has occurred and is continuing on the Maturity Date, or would occur as a result of the relevant redemption. Following such deferral the relevant Subordinated Notes or Deeply Subordinated Notes will be redeemed by the relevant Issuer promptly following such Solvency Event ceasing to occur.

The deferral of redemption of the Subordinated Notes or the Deeply Subordinated Notes will not constitute a default by the relevant Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the relevant Subordinated Notes or Deeply Subordinated Notes or take any enforcement action under the Notes, the ZIC Subordinated Guarantee (if applicable) or the Trust Deed for any purpose.

Any actual or anticipated deferral of redemption of the relevant Subordinated Notes or Deeply Subordinated Notes will likely have an adverse effect on the market price of the relevant Subordinated Notes or Deeply Subordinated Notes. In addition, as a result of such a redemption deferral provision, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the relevant Subordinated Notes or Deeply Subordinated Notes may be more volatile than market prices of other debt securities without such deferral feature, including securities where redemption on the scheduled maturity date cannot be deferred. Accordingly, such Subordinated Notes and Deeply Subordinated Notes may be more sensitive generally to adverse changes in the financial condition of ZIC, ZIG and/or the Zurich Insurance Group.

***The Subordinated Notes and the Deeply Subordinated Notes may be subject to optional redemption by the relevant Issuer including upon the occurrence of certain events***

If Call Option is specified in the applicable Pricing Supplement as being applicable, the relevant Issuer may, subject to certain conditions as provided in Condition 6(c) and Condition 8 (if Write-Down Event is specified in the applicable Pricing Supplement as being applicable) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 7(c) and Condition 9 (if Write-Down Event is specified in the applicable Pricing Supplement as being applicable) of the Terms and Conditions of the Subordinated Notes, at its option redeem all, but not some only, of the relevant Subordinated Notes or Deeply Subordinated Notes on any Optional Redemption Date specified in the applicable Pricing Supplement together with any interest accrued to (but excluding) the date fixed for redemption and any Arrears of Interest.

In addition, upon the occurrence of a Tax Event or an Accounting Event, a Regulatory Event, a Rating Agency Event or a Clean-Up Event (if each such event is specified in the applicable Pricing Supplement as being applicable and notice of redemption is given within the Early Event Call Period), the relevant Issuer may, subject to certain conditions as provided in Conditions 6(c) and Condition 8 (if Write-Down Event is specified in the applicable Pricing Supplement as being applicable) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 7(c) and Condition 9 (if Write-Down Event

is specified in the applicable Pricing Supplement as being applicable) of the Terms and Conditions of the Subordinated Notes, redeem all, but not some only, of the relevant Subordinated Notes or the Deeply Subordinated Notes (unless otherwise specified in the applicable Pricing Supplement) at any time or, if and for so long as the Subordinated Note or Deeply Subordinated Note is a Floating Rate Note, on any Interest Payment Date. The Subordinated Notes and Deeply Subordinated Notes will be redeemed at their principal amount (in the case of redemption due to taxation), the relevant Special Redemption Price (in the case of redemption due to a Special Event) or, as appropriate, Clean-Up Redemption Price (in the case of redemption due to a Clean-Up Event) specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption and any Arrears of Interest. The relevant Issuer shall not, however, have the right to redeem the relevant Subordinated Notes or Deeply Subordinated Notes following an Accounting Event, Clean-Up Event and/or a Rating Agency Event if such right of redemption would cause a Regulatory Event.

At the time of any such redemption by the relevant Issuer, prevailing interest rates may be lower than the rate borne by the relevant Series of Subordinated Notes or Deeply Subordinated Notes. If that is the case, a Noteholder may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Subordinated Notes or Deeply Subordinated Notes and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the relevant Issuer's ability to redeem the Subordinated Notes or the Deeply Subordinated Notes at its option in certain limited circumstances may affect their market value. In particular, during any period when the relevant Issuer may elect to redeem or is perceived to be able to redeem the relevant Subordinated Notes or Deeply Subordinated Notes, their market value generally will not rise above the redemption price because of the optional redemption feature. This may also be true prior to any redemption period.

There is no redemption at the option of the Noteholders in respect of the Subordinated Notes or the Deeply Subordinated Notes.

***The relevant Issuer may vary or substitute the Subordinated Notes and the Deeply Subordinated Notes without Noteholder consent***

Following the occurrence of a Tax Event, Accounting Event, Rating Agency Event or Regulatory Event, the relevant Issuer may, at its option and without the consent or approval of the Noteholders (subject as provided in Condition 6 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 7 of the Terms and Conditions of the Subordinated Notes) at any time elect to (i) substitute the relevant Subordinated Notes or Deeply Subordinated Notes for or (ii) vary the terms of such Notes so that they become, in each case, Qualifying Securities.

Whilst Qualifying Securities are required to have terms which are not materially less favourable to Noteholders than the terms of the relevant Subordinated Notes or Deeply Subordinated Notes, there can be no assurance that any proposed substitution or variation will not have a significantly adverse impact on the price of, and/or market for, the relevant Subordinated Notes or Deeply Subordinated Notes or the circumstances of individual Noteholders.

***The Subordinated Notes and the Deeply Subordinated Notes may be perpetual***

If Maturity Date is specified in the applicable Pricing Supplement as being not applicable, the relevant Issuer is under no obligation to redeem the relevant Subordinated Notes or Deeply Subordinated Notes at any time and the Noteholders of such Subordinated Notes or Deeply Subordinated Notes have no right to call for their redemption. Therefore, prospective investors should be aware that they may be required to bear financial risks of an investment in such Subordinated Notes or Deeply Subordinated Notes for an indefinite period of time and may not recover their investment in the foreseeable future.

***The principal amount of the Subordinated Notes or the Deeply Subordinated Notes may be written down to zero***

If Write-Down Event is specified in the applicable Pricing Supplement as being applicable, and a Write-Down Event occurs in accordance with Condition 8 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 9 of the Terms and Conditions of the Subordinated Notes, the full principal amount of the relevant Subordinated Notes or Deeply Subordinated Notes and all accrued but unpaid interest (including any Arrears of Interest) will automatically and permanently be reduced to zero and the relevant Subordinated Notes or Deeply Subordinated Notes will be cancelled on the Write-Down Date. Once the principal amount of a Note has been Written-Down, it will not be restored under any circumstances, including where the relevant Write-Down Event ceases to continue.

The occurrence of a Write-Down Event will not constitute a default by the relevant Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the relevant Subordinated Notes or Deeply Subordinated Notes or take any other action under such Subordinated Notes or Deeply Subordinated Notes, the Trust Deed or the ZIC Subordinated Guarantee (if applicable). Accordingly, as of the Write-Down Date, Noteholders shall not have any rights against the relevant Issuer or the Guarantor (if applicable) with respect to repayment of the principal amount of the relevant Subordinated Notes or Deeply Subordinated Notes or any part thereof, or the payment of any other amounts arising under or in connection with the relevant Subordinated Notes or Deeply Subordinated Notes.

If the relevant Issuer has elected to redeem the relevant Subordinated Notes or Deeply Subordinated Notes pursuant to Condition 6(d), 6(e) or 6(f) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 7(d), 7(e) or 7(f) of the Terms and Conditions of the Subordinated Notes, but prior to the scheduled redemption date a Write-Down Event occurs, the relevant Subordinated Notes or Deeply Subordinated Notes will not be redeemed but instead will be Written-Down.

A Write-Down Event will occur without the consent of the Noteholders. It is inherently unpredictable and depends on a number of factors. If Write-Down Event is specified in the applicable Pricing Supplement as being applicable, and a Write-Down Event occurs, or is anticipated to occur, Investors' may lose all or part of their investment in the relevant Subordinated Notes or Deeply Subordinated Notes.

*In relation to Guaranteed Subordinated Notes:*

***The Guarantor's obligations under the ZIC Subordinated Guarantee are subordinated, payments under the ZIC Subordinated Guarantee must be deferred in certain circumstances and there are restricted remedies for non-payment.***

Claims in respect of the ZIC Subordinated Guarantee will, in the event of a voluntary or involuntary insolvency, winding up, liquidation, dissolution with liquidation, bankruptcy ("*Konkurs*"), composition ("*Nachlassvertrag*") or other similar proceedings against the Guarantor, rank after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined in Clause 1(1)(a) of the ZIC Subordinated Guarantee).

The Guarantor must defer any payment under the ZIC Subordinated Guarantee if on the date such payment would otherwise fall due either a Solvency Event has occurred and is continuing or would occur on such date as a result of such payment. Any payment so deferred shall only become due and payable following the date on which no Solvency Event is continuing (or would occur on such date as a result of such payment) or, subject to conditions summarised in the paragraph below, in the event of a Liquidation Ruling. The deferral of any such payment in such circumstances will not constitute a default by the Guarantor and will not give the Noteholders or the Trustee any right to accelerate the repayment of the Subordinated Notes or take any action under the Trust Deed or the ZIC Subordinated Guarantee.

The ZIC Subordinated Guarantee provides that, if the Trustee gives notice that the Subordinated Notes are immediately due and repayable in accordance with Condition 10(c) of the Terms and Conditions of the Subordinated Notes as a result of a Liquidation Ruling in respect of the Guarantor, then, if on or following the date of any such Liquidation Ruling, a Group Solvency Event has occurred and is continuing or would occur as a result of the Subordinated Notes becoming due and payable in accordance with Condition 10(c)(i) of the Terms and Conditions of the Subordinated Notes, then payment in respect of the Subordinated Notes pursuant to the ZIC Subordinated Guarantee shall become due and payable upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, such payment in respect of the Subordinated Notes shall in addition become due and payable in the proceedings which implement such Liquidation Ruling upon any amounts in respect of any Relevant Junior or *Pari Passu* Securities (as defined in the Terms and Conditions of the Subordinated Notes) becoming due and payable in such proceedings.

See also "*Restricted Remedies for non-payment*" above.

- **Risks related to the market generally**

***An active trading market may not develop for the Notes***

The Notes are a new issue of securities for which there is no trading market and one may never develop. If such a market were to develop, the Notes could trade at prices which may be higher or lower than the initial offering price. Notes issued with specific investment objectives or strategies will have a more limited trading market and may experience more price volatility. Prospective investors should be aware that, at the time they wish to sell their Notes, there may be few or no investors willing to buy the Notes.

***Exchange rates and exchange controls***

Notes and/or coupon payments can be denominated in, or the payment of which is to be or may be made in or related to the value of, a currency or composite currency and significant risks are entailed if such currency is other than the currency in which the

prospective investor's financial activities are denominated. Such risks include the possibility of significant changes in the currency exchange rates and the risk of imposition or modification of foreign exchange controls by the relevant government. Depreciation of the currency in which a Note is denominated would result in a decrease in the effective yield of such Note and, in certain circumstances, could result in a loss to the investor.

Governments have imposed from time to time, and may in the future impose, exchange controls which could affect exchange rates as well as the availability of a specified foreign currency at the time of payment of principal of, and premium, if any, or interest, if any, on a Note.

#### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market and other factors which may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

#### ***Tax consequences of holding the Notes***

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisers about their own tax situation.

#### ***Payment of additional amounts for Swiss withholding taxes may be null and void.***

Although the terms of the Notes provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Issuer or the Guarantor, as the case may be, shall, subject to certain exceptions, pay additional amounts interest at a recalculated rate, so that the net amount received by the holders of the Notes shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such obligation may contravene Swiss legislation and be null and void and not enforceable in Switzerland.

#### ***Potential Amendment of the Swiss Withholding Tax Act***

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. Further, on 23 October 2017, the Swiss Federal Economic Affairs and Taxation Committee of the Swiss National Council filed a parliamentary initiative reintroducing the request to replace the current debtor-based regime applicable to interest payments with a paying agent-based system for Swiss withholding tax. The initiative requests a paying agent-based system that (i) subjects all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss withholding tax and (ii) provides an exemption from Swiss withholding tax for interest payments to all other persons (including Swiss corporations). If enacted, such legislation may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent on any payment of interest in respect of a Note (including, as the case may be, payment under the ZIC Senior Guarantee or ZIC Subordinated Guarantee). If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer nor the Guarantor nor any paying agent nor any other person would, pursuant to the applicable Conditions, be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

#### ***International Automatic Exchange of Information in Tax Matters***

On 15 July 2014, the Organisation for Economic Co-operation and Development approved the Common Reporting Standard (the "CRS") designed to create a global standard for the automatic exchange of financial account information ("AEOI"). Pursuant to the CRS requirements, financial institutions must identify and report FATCA-like information in respect of specified persons who are resident in the jurisdictions that sign and implement the CRS. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement ("MCAA") that activates the automatic exchange of information in line with the CRS. Since then, further jurisdictions (including Australia) have signed the MCAA and in total over 90 jurisdictions have committed to adopting the CRS. Early adopters who signed the MCAA have pledged to work towards the first information exchanges taking place by September 2017. Certain other signatories are expected to follow with information exchange starting in 2018.

The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information in tax matters (the "AEOI Agreement"), which applies to all 28 member states and also Gibraltar. Further, Switzerland signed the MCAA, and based on the MCAA, a number of bilateral AEOI agreements with other countries. Based on the AEOI Agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, including Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a EU member state or Gibraltar or a treaty state from 2017, and began to exchange it from 2018. Switzerland has signed and will sign further AEOI agreements with further countries. An up-to-date list of the AEOI

agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters (the “SIF”).

In connection with FATCA (as more fully described on pages 14 and 15 of this Base Prospectus under the heading “*FATCA Withholding*”), Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland.

#### ***Australian IGA and FATCA withholding***

In connection with FATCA (as more fully described on pages 14 and 15 of this Base Prospectus under the heading “*FATCA Withholding*”), Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian IGA Legislation**”).

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures to identify their account holders and provide the Australian Taxation Office (“**ATO**”) with information on financial accounts (e.g. the Notes) held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the IRS. Consequently, holders of the Notes may be requested to provide certain information and certifications to ZF (Australia) and to any other financial institutions through which payments on the Notes issued by ZF (Australia) are made in order for ZF (Australia) and other such financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

In the event that any amount is required, as a result of FATCA, to be withheld or deducted from a payment on the Notes issued by ZF (Australia), pursuant to the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, no additional amounts will be paid by ZF (Australia) as a result of the withholding or deduction.

FATCA is particularly complex legislation. Investors should consult their own tax advisers to determine how FATCA and the Australian IGA may apply to them under the Notes.

#### ***Australian insolvency laws***

The following paragraphs apply to Notes issued by ZF (Australia).

In the event that ZF (Australia) becomes insolvent, insolvency proceedings will be governed by Australian law or the law of another jurisdiction determined in accordance with Australian law. Australian insolvency laws are, and the laws of that other jurisdiction can be expected to be, different from the insolvency laws of other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act 2001 of Australia (“**Corporations Act**”), which provides for the potential re-organisation of an insolvent company, differs significantly from similar provisions under the insolvency laws of other jurisdictions. If ZF (Australia) becomes insolvent, the treatment and ranking of Noteholders and ZF (Australia)’s shareholders under Australian law, and the laws of any other jurisdiction determined in accordance with Australian law, may be different from the treatment and ranking of Noteholders and ZF (Australia)’s shareholders if ZF (Australia) were subject to the bankruptcy laws or the insolvency laws of other jurisdictions.

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No.2) Act 2017 of Australia was enacted in Australia. Among other things, the legislation provides for a stay on enforcement of certain rights arising under a contract (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) for a certain period of time (and in some cases, indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings (such as the appointment of an administrator, managing controller or an application for a scheme of arrangement) or the company’s financial position during those insolvency proceedings (known as “**ipso facto rights**”). The specified proceedings do not include a winding-up or liquidation.

The stay will apply to ipso facto rights arising under contracts, agreements or arrangements entered into after the commencement date of the legislation (expected to be 1 July 2018). Such exclusions include rights exercised with the consent of the relevant administrator, receiver, scheme administrator or liquidator and the right to appoint controllers during the decision period following the appointment of administrators and rights prescribed by the regulations or Ministerial declarations (“**subordinate legislation**”). Such subordinate legislation may also prescribe additional reasons for application of the stay on enforcement, or for extending the stay indefinitely. The legislation also give the Federal Court of Australia to broaden or narrow the scope and duration of the stay.

The Australian federal government proposes to make regulations setting out certain types of contracts and contractual rights that will be excluded from the stay and released an exposure draft of such regulations on 16 April 2018. However, it remains uncertain whether securities, such as the Notes, will be excluded. If the Australian federal government does not enact regulations to exclude securities, such as the Notes, from the operation of the legislation, this may render unenforceable in Australia provisions of the Notes conditioned solely on the occurrence of the events giving rise to the “ipso facto” rights. This may include the events of default in Conditions 9(d), 9(e), 9(f) and 9(g) of the Terms and Conditions of the Senior Notes (to the extent such an

event of default gives rise to an “ipso facto” right). Until the regulations have been finalised, the scope of the stay on the exercise of “ipso facto” rights and the exclusions and the effect on any Notes after the commencement date of the legislation remains uncertain.

- **Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

***Notes may not be a suitable investment for all investors***

A range of different Notes may be issued under the Programme, including Senior Notes, Subordinated Notes and Deeply Subordinated Notes. A number of these Notes may have features which contain particular risks for potential investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus, the applicable Pricing Supplement or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest can be deferred or written down in the circumstances described in the terms and conditions relating to the Notes, where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the relevant Notes and the applicable Pricing Supplement, and be familiar with the behaviour of the financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***Fixed/Floating Rate Notes***

Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate as set out in the applicable Pricing Supplement. The relevant Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

***Notes issued at a substantial discount***

The market values of securities issued at a substantial discount to their nominal amount tend to fluctuate more in relation to general changes in interest rates than prices do for conventional interest-bearing securities.

***Modification, waivers and substitution***

Except in the circumstances referred to in the paragraphs below in relation to Notes issued by ZIC, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, the Terms and Conditions of the Subordinated Notes and the Terms and Conditions of the Senior Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who do not attend and vote at the relevant meeting and Noteholders who vote in a manner contrary to the majority.

In relation to Listed Swiss Franc Notes issued by ZIC and other Notes issued by ZIC by way of a public offering within the meaning of Article 1157 of the Swiss Code of Obligations, the provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of Noteholders. These provisions permit defined majorities to bind all Noteholders of the relevant Series of Notes, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In relation to any Series of Restricted Notes issued by ZIC and held by a sole Noteholder, who is not holding such Notes as a depositary for, or nominee of, Euroclear or Clearstream, the meeting, quorum and voting provisions of Condition 12(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the modification provisions of Condition 12(c) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes shall not apply. Instead, only those amendments, waivers or variations of the relevant Notes or the Trust Deed agreed in writing by the sole Noteholder and the parties to the Trust Deed will be made.

The Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Terms and Conditions of the Subordinated Notes also provide that the Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the ZIC Subordinated Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and

any waiver or authorisation of any breach or proposed breach, of the Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or the Terms and Conditions of the Subordinated Notes and the provisions of the Trust Deed, the ZIC Subordinated Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders.

The relevant Issuer may also at any time, without the consent of the Noteholders substitute any entity in place of the relevant Issuer as the principal debtor under the Senior Notes, the Subordinated Notes or the Deeply Subordinated Notes upon the fulfilment of certain preconditions as set out in Condition 13 of the Terms and Conditions of the Senior Notes, Condition 13 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 14 of the Terms and Conditions of the Subordinated Notes, including, if so required, subject to notification thereof to, and consent therefor from, the Relevant Regulator. There can be no guarantee that any such modification, waiver or substitution will not have an adverse effect on the price of the relevant Senior Notes, Subordinated Notes or Deeply Subordinated Notes resulting in Noteholders losing all or some of their investment in the relevant Notes.

*In relation to Senior Notes or Subordinated Notes issued by an Issuer other than ZIC:*

***The ZIC Senior Guarantee and the ZIC Subordinated Guarantee are limited to the Specified Maximum Amount***

The maximum liability of the Guarantor under any applicable ZIC Senior Guarantee and ZIC Subordinated Guarantee shall not exceed in aggregate the Specified Maximum Amount as defined in the relevant Guarantee.

***Applicable Law***

The conditions of the Notes are governed by English law in effect as of the date of this Base Prospectus, save that the provisions relating to subordination in Notes which are Subordinated Notes or Deeply Subordinated Notes will be governed by the law of the jurisdiction of incorporation of the Issuer of such Subordinated Notes or Deeply Subordinated Notes. The ZIC Senior Guarantees and the ZIC Subordinated Guarantees are governed by Swiss law and accordingly any dispute arising out of such ZIC Senior Guarantee or the ZIC Subordinated Guarantees, as applicable, between the Guarantor and the Trustee, or the Guarantor and a Holder who is entitled to proceed against the Guarantor, shall fall exclusively within the courts of the City of Zurich, venue Zurich 1.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or the law or administrative practice of the jurisdiction of incorporation of the Issuer or, as the case may be, Swiss law or administrative practice, respectively, after the date of this Base Prospectus.

***Denomination (secondary trading)***

Although Notes which are admitted to trading on a market in the European Economic Area are required to have a minimum denomination of EUR 100,000 (or where the specified currency is not euro, its equivalent in the specified currency), or an integral multiple of EUR 1,000 (or where the specified currency is not euro, its equivalent in the specified currency) in excess thereof, it is possible that the Notes may be traded in the clearing systems in amounts in excess of EUR 100,000 (or its equivalent) or an integral multiple of EUR 1,000 (or its equivalent) in excess thereof that are not integral multiples of EUR 100,000 (or its equivalent) or an integral multiple of EUR 1,000 (or its equivalent) in excess thereof. In such a case, should definitive Notes be required to be printed, a holder who does not have an integral multiple of EUR 100,000 (or its equivalent) or an integral multiple of EUR 1,000 (or its equivalent) in excess thereof in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of EUR 100,000 (or its equivalent) or an integral multiple of EUR 1,000 (or its equivalent) in excess thereof.

***The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other

consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

***Future discontinuance of LIBOR or any other benchmark may adversely affect the value of Notes which reference LIBOR or such other benchmark***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London interbank offered rate ("**LIBOR**"), announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past, and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR or any other benchmark (including, for example, the Eurozone interbank offered rate ("**EURIBOR**")) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes, Fixed Rate Reset Notes or Fixed to Floating Rate Notes which reference LIBOR or such other benchmark will be determined for the relevant period by the fall back provisions applicable to such Notes.

The terms and conditions of the Notes set out in this Base Prospectus provide for certain fallback arrangements for Fixed Rate Reset Notes, Floating Rate Notes and Fixed to Floating Rate Notes in the event that a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates), (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate of interest. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes, Fixed Rate Reset Notes or Fixed to Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes, Fixed Rate Reset Notes or Fixed to Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes, Fixed Rate Reset Notes or Fixed to Floating Rate Notes.



## INFORMATION INCORPORATED BY REFERENCE

The information contained in the following documents, which have been published and are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), is incorporated by reference in, and forms part of, this Base Prospectus:

- (a) (i) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the ZIC Group in respect of the years ended 2017 and 2016 (the consolidated income statements being set out on page 37 and page 37 respectively, of its 2017 and 2016 annual reports; the consolidated statements of comprehensive income being set out on pages 38 to 39 and 38 to 39 respectively, of its 2017 and 2016 annual reports; the consolidated balance sheets being set out on pages 40 to 41 and 40 to 41 respectively, of its 2017 and 2016 annual reports; the consolidated statements of cash flows being set out on pages 42 to 43 and 42 to 43 respectively, of its 2017 and 2016 annual reports; the consolidated statements of changes in equity being set out on pages 44 to 45 and 44 to 45 respectively, of its 2017 and 2016 annual reports; the notes to the financial statements being set out on pages 46 to 141 and 46 to 136 respectively, of its 2017 and 2016 annual reports; the auditors' report being set out on pages 142 to 147 and 138 to 143 respectively, of its 2017 and 2016 annual reports);  
(ii) the audited financial statements (including the auditors' report thereon and notes thereto) of ZIC, as included in the annual report mentioned in (i) above, in respect of the years ended 2017 and 2016 (the income statements being set out on page 151 and 146 respectively, of the 2017 and 2016 annual reports; the balance sheets being set out on pages 152 to 153 and 148 to 149 respectively, of the 2017 and 2016 annual reports; the notes to the financial statements being set out on pages 154 to 167 and 150 to 163 respectively, of the 2017 and 2016 annual reports; and the auditors' report being set out on pages 168 to 173 and 164 to 168 respectively, of the 2017 and 2016 annual reports);
- (b) the audited financial statements (including the auditors' report thereon and notes thereto) of ZF (UK) in respect of the years ended 2017 and 2016 (the auditors' report being set out on pages 5 to 9 of its 2017 annual report and on pages 4 to 5 of its 2016 annual report); the profit and loss accounts being set out on page 10 of its 2017 annual report and on page 6 of its 2016 annual report; the balance sheets being set out on page 11 of its 2017 annual report and on page 7 of its 2016 annual report; and the notes to the financial statements being set out on pages 13 to 22 of its 2017 annual report and on pages 9 to 17 of its 2016 annual report);
- (c) the audited financial statements (including the auditors' report thereon and notes thereto) of ZF (Luxembourg) in respect of the years ended 2017 and 2016 (the auditors' report being set out on pages 1 to 3 of its 2017 annual report and on pages 5 to 6 of its 2016 annual report; the balance sheets being set out on pages 4 to 5 of its 2017 annual report and 7 to 11 of its 2016 annual report; the profit and loss accounts being set out on pages 6 to 7 of its 2017 annual report and on pages 12 to 13 of its 2016 annual report; and the notes to the financial statements being set out on pages 8 to 16 of its 2017 annual report and pages 14 to 22 of its 2016 annual report);
- (d) the unaudited consolidated financial statements of ZHCA in respect of the years ended 2017 and 2016; the unaudited consolidated balance sheets being set out on page 2 of its 2017 unaudited consolidated financial statements and page 2 of its 2016 unaudited consolidated financial statements; the unaudited consolidated income statements being set out on page 3 of its 2017 unaudited consolidated financial statements and page 3 of its 2016 unaudited consolidated financial statements; and the unaudited consolidated statements of equity being set out on page 4 of its 2017 unaudited consolidated financial statements and page 4 of its 2016 unaudited consolidated financial statements;
- (e) the audited financial statements (including the auditors' report thereon and notes thereto) of ZF (Australia) in respect of the period from 29 March 2017 to 31 December 2017 (the statement of comprehensive income being set out on page 5 of its 2017 annual report; the balance sheet being set out on page 6 of its 2017 annual report; the statement of changes in equity being set out on page 7 of its 2017 annual report; the cash flow statement being set out on page 8 of its 2017 annual report; the notes to the financial statements being set out on pages 9 to 19 of its 2017 annual report; and the auditors' report being set out on pages 21 to 23 of its 2017 annual report).

None of the Issuers is subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act").

In addition to the above, the following documents published or issued from time to time after the date of this Base Prospectus shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the most recently published (i) audited consolidated financial statements of the ZIC Group, together with the respective auditors' reports thereon and the notes thereto (if applicable); (ii) audited financial statements of ZIC, ZF (UK), ZF (Luxembourg) and ZF (Australia), together with the respective auditors' reports thereon and the notes thereto (if applicable) (in each case with, if applicable, an English translation thereof); (iii) the unaudited annual financial statements of ZHCA; and (iv) in respect of ZF (UK) and ZHCA only, any quarterly or half-yearly financial statements after the date hereof; and
- (b) all supplements or amendments to the Base Prospectus circulated by the Issuers from time to time.

Each Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents containing information incorporated herein by reference. Requests for such documents should be directed to the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) at their respective offices set out at the end of this Base Prospectus. In addition, such documents will be available free of charge from the principal office of the listing agent being Banque Internationale à Luxembourg (formerly Dexia Banque Internationale à Luxembourg S.A.) (the "Luxembourg Listing Agent") for Notes listed on the Official List and traded on the Euro MTF Market.

<b><u>Information</u></b>	<b><u>Source</u></b>
<b>Information incorporated by reference of the ZIC Group</b>	
Consolidated Income Statement for the year ended 31 December 2017	2017 Annual Report page 37
Consolidated Income Statement for the year ended 31 December 2016	2016 Annual Report page 37
Consolidated Statements of Comprehensive Income for the year ended 31 December 2017	2017 Annual Report pages 38-39
Consolidated Statements of Comprehensive Income for the year ended 31 December 2016	2016 Annual Report pages 38-39
Consolidated Balance Sheet as at 31 December 2017	2017 Annual Report pages 40-41
Consolidated Balance Sheet as at 31 December 2016	2016 Annual Report pages 40-41
Consolidated Statement of Cash Flows for the year ended 31 December 2017	2017 Annual Report pages 42-43
Consolidated Statement of Cash Flows for the year ended 31 December 2016	2016 Annual Report pages 42-43
Consolidated Statement of Changes in Equity for the year ended 31 December 2017	2017 Annual Report pages 44-45
Consolidated Statement of Changes in Equity for the year ended 31 December 2016	2016 Annual Report pages 44-45
Notes to the financial statements for the year ended 31 December 2017	2017 Annual Report pages 46-141
Notes to the financial statements for the year ended 31 December 2016	2016 Annual Report pages 46-136
Auditors' report for the year ended 31 December 2017	2017 Annual Report pages 142-147
Auditors' report for the year ended 31 December 2016	2016 Annual Report pages 138-143
<b>Information incorporated by reference of Zurich Insurance Company Ltd</b>	
Income Statement for the year ended 31 December 2017	2017 Annual Report page 151
Income Statement for the year ended 31 December 2016	2016 Annual Report page 146
Balance Sheet as at 31 December 2017	2017 Annual Report pages 152-153
Balance Sheet as at 31 December 2016	2016 Annual Report pages 148-149
Notes to the financial statements for the year ended 31 December 2017	2017 Annual Report pages 154-167
Notes to the financial statements for the year ended 31 December 2016	2016 Annual Report pages 150-163
Auditors' report for the year ended 31 December 2017	2017 Annual Report pages 168-173
Auditors' report for the year ended 31 December 2016	2016 Annual Report pages 164-168

<b>Information incorporated by reference of Zurich Finance (UK) plc</b>	
Auditors' report for the year ended 31 December 2017	2017 Annual Report pages 5-9
Auditors' report for the year ended 31 December 2016	2016 Annual Report pages 4-5
Profit and Loss Accounts for the year ended 31 December 2017	2017 Annual Report page 10
Profit and Loss Accounts for the year ended 31 December 2016	2016 Annual Report page 6
Balance Sheet as at 31 December 2017	2017 Annual Report page 11
Balance Sheet as at 31 December 2016	2016 Annual Report page 7
Notes to the financial statements for the year ended 31 December 2017	2017 Annual Report pages 13-22
Notes to the financial statements for the year ended 31 December 2016	2016 Annual Report pages 9-17
<b>Information incorporated by reference of Zurich Finance (Luxembourg) S.A.</b>	
Auditors' report for the year ended 31 December 2017	2017 Annual Report pages 1-3
Auditors' report for the year ended 31 December 2016	2016 Annual Report pages 5-6
Balance Sheet as at 31 December 2017	2017 Annual Report pages 4-5
Balance Sheet as at 31 December 2016	2016 Annual Report pages 7-11
Profit and Loss Accounts for the year ended 31 December 2017	2017 Annual Report pages 6-7
Profit and Loss Accounts for the year ended 31 December 2016	2016 Annual Report pages 12-13
Notes to the financial statements for the year ended 31 December 2017	2017 Annual Report pages 8-16
Notes to the financial statements for the year ended 31 December 2016	2016 Annual Report pages 14-22
<b>Information incorporated by reference of Zurich Holding Company of America, Inc.</b>	
Unaudited Consolidated Balance Sheet as at 31 December 2017	2017 Unaudited Consolidated Financial Statements page 2
Unaudited Consolidated Balance Sheet as at 31 December 2016	2016 Unaudited Consolidated Financial Statements page 2
Unaudited Consolidated Income Statement for the year ended 31 December 2017	2017 Unaudited Consolidated Financial Statements page 3
Unaudited Consolidated Income Statement for the year ended 31 December 2016	2016 Unaudited Consolidated Financial Statements page 3
Unaudited Consolidated Statements of Equity for the year ended 31 December 2017	2017 Unaudited Consolidated Financial Statements page 4
Unaudited Consolidated Statements of Equity for the year ended 31 December 2016	2016 Unaudited Consolidated Financial Statements page 4
<b>Information incorporated by reference of Zurich Finance (Australia) Limited</b>	
Statement of Comprehensive Income for the period from 29 March 2017 to 31 December 2017	2017 Annual Report page 5

Balance Sheet as at 31 December 2017	2017 Annual Report page 6
Statement of Changes in Equity for the period from 29 March 2017 to 31 December 2017	2017 Annual Report page 7
Cash Flow Statement for the period from 29 March 2017 to 31 December 2017	2017 Annual Report page 8
Notes to the Financial Statements for the period from 29 March 2017 to 31 December 2017	2017 Annual Report pages 9-19
Auditors' Report for the period from 29 March 2017 to 31 December 2017	2017 Annual Report pages 21-23

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A supplement shall be prepared and submitted for approval by the Luxembourg Stock Exchange each time where there is a significant new factor relating to the information included in this Base Prospectus which is capable of affecting the assessment of the relevant Notes and which arises or is noted between the time when this Base Prospectus is approved by the Luxembourg Stock Exchange and the time when trading on the Euro MTF Market of the relevant Notes begins.

This Base Prospectus applies to issues of Notes made on and after 22 May 2018. If the terms of the Programme are modified in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared in replacement for this Base Prospectus.

For the purposes of listing on the Luxembourg Stock Exchange, information not listed in the tables above, but included in the documents incorporated by reference, are for information purposes only.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is, together with the information under “*Terms and Conditions of the Senior Notes*”, “*Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes*” or “*Terms and Conditions of the Subordinated Notes*” below qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement and must be read together with the documentation referred to under the heading “*Documents Incorporated by Reference*” which is available for inspection.

*Words and expressions defined under “Terms and Conditions of the Senior Notes”, “Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes” or “Terms and Conditions of the Subordinated Notes” below or elsewhere in this Base Prospectus have the same meanings in this general description. References herein to the “relevant Conditions” means the Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or the Terms and Conditions of the Subordinated Notes, as applicable.*

**Dealers:**

Citigroup Global Markets Limited  
Crédit Agricole Corporate and Investment Bank  
Credit Suisse Securities (Europe) Limited  
Deutsche Bank AG, London Branch  
HSBC Bank plc  
J.P. Morgan Securities plc  
UBS Limited  
Zürcher Kantonalbank

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”).

**Agent:**

Citibank, N.A.

**Luxembourg Listing Agent:**

Banque Internationale à Luxembourg

**Size:**

USD 18,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Distribution:**

Notes may be distributed by way of private placement or public offering and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer, the relevant Dealer and the Trustee, including, without limitation, Australian Dollars, Canadian Dollars, Czech Koruna, Danish Kroner, Euro, Hong Kong Dollars, Japanese Yen, New Zealand Dollars, Norwegian Krone, Sterling, South African Rand, Swedish Krona, Swiss Francs and United States Dollars (as indicated in the applicable Pricing Supplement, the “**Specified Currency**”).

**Maturities:**

Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. The Issuers may issue Subordinated Notes or, in relation to ZIC only, Deeply Subordinated Notes (subject as aforesaid) without a specified maturity.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the relevant Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the relevant Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be

issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the relevant Issuer.

**Issue Price:**

Notes may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

Notes will be issued in bearer form or registered form. Each Bearer Global Note (other than a Listed Swiss Franc Note) which is not intended to be issued in NGN form and each Registered Global Note which is not intended to be held under the NSS, each as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with the Common Depository for Euroclear or Clearstream and each Bearer Global Note (other than a Listed Swiss Franc Note) which is intended to be issued in NGN form and each Registered Global Note which is intended to be held under the NSS, each as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with the Common Safekeeper for Euroclear and Clearstream. Subordinated Notes and Deeply Subordinated Notes will not be issued in NGN form. Listed Swiss Franc Notes will be represented by a Permanent Global SIS Note exchangeable for definitive Notes in the circumstances set out therein and holders of such Notes will not have the right to effect or demand the conversion of the Permanent Global SIS Notes representing such Listed Swiss Franc Notes into, or delivery of, Notes in definitive or uncertificated form. Each Listed Swiss Franc Note which is not intended to be issued in new global note form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Pricing Supplement, will be delivered through SIX SIS AG (“**SIS**”) or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange Ltd. (“**SIX Swiss Exchange**”) on or prior to the original issue date of such Tranche, and each Listed Swiss Franc Note which is intended to be issued in NGN form, as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for SIS or such other intermediary. All Bearer Notes issued by ZHCA will be issued so as to be in registered form for U.S. federal income tax purposes. See “*Description of Notes in Global Form*” below.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rates under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association Inc.); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s), as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes and specified in the applicable Pricing Supplement.

**Fixed Rate Reset Notes:**

Fixed Rate Notes may have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the applicable Pricing Supplement. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to (i) a Mid-Market Swap Rate, (ii) a Benchmark Gilt Rate, or (iii) a Reference Bond Rate and for a period equal to the Reset Period, in each case as may be specified in the applicable Pricing Supplement. The margin (if any) in relation to Fixed Rate Reset Notes will be agreed between the Issuer and the relevant Dealer(s) for each Series of Fixed Rate Reset Notes and will be specified in the applicable Pricing Supplement. Interest on Fixed Rate Reset Notes will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

**Fixed to Floating Rate Notes:**

Fixed to Floating Rate Note will bear a fixed rate of interest as may be agreed between the relevant Issuer and the relevant Dealer(s) from (and including) the

Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest; and from (and including) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 10(b) of the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 11(b) of the Terms and Conditions of the Subordinated Notes.

**Other provisions in relation to Floating Rate Notes:**

Floating Rate Notes may also have a maximum interest rate (as indicated in the applicable Pricing Supplement).

Interest on Floating Rate Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer, will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the relevant Day Count Fraction unless otherwise indicated in the applicable Pricing Supplement.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Special provisions in relation to interest payable under Subordinated Notes and Deeply Subordinated Notes:**

Interest shall be payable on Subordinated Notes and Deeply Subordinated Notes on such date or dates as may be agreed with the relevant Dealer (as indicated in the applicable Pricing Supplement), subject to the provisions relating to the deferral of interest payments set out under Condition 5 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 6 of the Terms and Conditions of the Subordinated Notes.

**Redemption of the Senior Notes and Redemption, Substitution and Variation of the Subordinated Notes and Deeply Subordinated Notes:**

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (if applicable) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders (in the case of Senior Notes only) upon giving the notice required by the applicable Pricing Supplement to the Noteholders or the relevant Issuer (in the case of Senior Notes only) as the case may be, on a date or dates specified, and at a price or prices and on such other terms as are indicated in the applicable Pricing Supplement. Pursuant to Condition 6 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 7 of the Terms and Conditions of the Subordinated Notes (as applicable), the relevant Issuer having obtained the prior written consent of the Relevant Regulator and provided that no Solvency Event has occurred or is continuing and such redemption would not itself cause a Solvency Event. Additionally, in the case of a redemption that is within five years of the Issue Date of the first Tranche of such Subordinated Notes or Deeply Subordinated Notes, such redemption would need to be, to the extent then required by the Relevant Regulator in order for the Subordinated Notes or Deeply Subordinated Notes to qualify as at least Future Tier Two Capital under any Future Regulations, funded out of the proceeds of a new issuance of capital instruments of at least the same quality as such Subordinated Notes or Deeply Subordinated Notes. Furthermore, Subordinated Notes and Deeply Subordinated Notes may be redeemed (i) for taxation reasons or (ii) if so specified in the applicable Pricing Supplement, if an Accounting Event, a Rating Agency Event, a Regulatory Event or a Clean-Up Event, has occurred. Upon the occurrence of any of the events described in (i) or, if so specified in the applicable Pricing Supplement, (ii) above, the relevant Issuer may at any time either substitute all (but not some only) of the Subordinated Notes or Deeply Subordinated Notes for, or vary the terms of the Subordinated Notes or Deeply Subordinated Notes so that they remain or, as appropriate, become, Qualifying Securities. Additionally, Senior Notes may be redeemed (i) for taxation reasons or (ii) if so specified in the applicable Pricing Supplement, if a Clean-Up Event has occurred.

The Optional Redemption Amount payable in respect of any Note of the Specified Denomination on any Optional Redemption Date and the Final Redemption Amount payable in respect of any Note of the Specified Denomination on any Maturity Date (subject, in relation to Subordinated Notes or Deeply Subordinated Notes, to the occurrence of a Solvency Event which has occurred and is continuing on the Maturity Date or which would occur as a result of the relevant redemption) will in all circumstances be an amount equal to or greater than the Specified Denomination of such Note.

If Write-Down Event is specified in the applicable Pricing Supplement as being applicable to any series of Subordinated Notes or Deeply Subordinated Notes, such Notes may only be redeemed subject to, and in accordance with, the provisions as

set out in Condition 8 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 9 of the Terms and Conditions of the Subordinated Notes.

If a Solvency Event has occurred and is occurring on the Maturity Date, or would occur as a result of the redemption of the relevant Subordinated Notes or Deeply Subordinated Notes, such Subordinated Notes or Deeply Subordinated Notes shall not be redeemed on the Maturity Date, but will be redeemed by the Issuer following such Solvency Event ceasing to occur, in accordance with Condition 6 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 7 of the Terms and Conditions of the Subordinated Notes, as applicable.

**Denomination of Notes:**

Notes issued under the Programme which may be listed on the Official List and admitted to trading on the Euro MTF Market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a Member State may not (a) have a minimum denomination of less than EUR 100,000 (or its equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia), ZIC or by any entity to whose group ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia) or ZIC belong.

Subject thereto, Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

If so specified in the applicable Pricing Supplement, so long as the Notes are represented by a Temporary Global Note or Permanent Global Note, the Notes may be tradable only in minimum specified denominations of EUR 100,000 (or equivalent in another currency) and integral multiples of EUR 1,000 (or equivalent in another currency) in excess thereof.

Notes issued under the Programme may have a minimum specified denomination of less than EUR 100,000 if it is the intention that the Notes will not be listed on the Official List and admitted to trading on the Euro MTF Market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a Member State.

**Write-Down of Notes:**

In relation to Subordinated Notes and Deeply Subordinated Notes, in the case where a Write-Down Event is specified in the applicable Pricing Supplement as being applicable, if a Write-Down Event occurs, the relevant Issuer shall effect a Write-Down of the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes, which will not be reversible and such Write-Down will occur without the consent of the holders of the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes *provided that* if an election has been made to redeem the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes pursuant to Condition 6 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or Condition 7 of the Terms and Conditions of the Subordinated Notes, as the case may be, prior to the occurrence of the Write-Down Event, but prior to the scheduled redemption date a Write-Down Event occurs, then the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes will not be redeemed and instead will be Written-Down on the Write-Down Date. A Write-Down involves the full nominal amount of the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes being automatically reduced to zero and such Notes being cancelled. While accrued and unpaid interest (together with any outstanding Arrears of Interest, or, as the case may be, outstanding Deferred Interest) up to but excluding the date upon which the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes are actually Written-Down will become due and payable, no further amounts in respect of such Notes will be payable.

**Taxation:**

See Condition 7 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, Condition 8 of the Terms and Conditions of the Senior Notes and Condition 8 of the Terms and Conditions of the Subordinated Notes.



All payments on Notes issued by each of ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia) will be made without deduction for or on account of withholding tax imposed by Luxembourg and Switzerland (in the case of Notes issued by ZF (Luxembourg)), the United Kingdom and Switzerland (in the case of Notes issued by ZF (UK)), the United States and Switzerland (in the case of Notes issued by ZHCA) or Australia and Switzerland (in the case of Notes issued by ZF (Australia)), unless such withholding is required by law, intergovernmental agreement, an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) and/or by agreement of the relevant Issuer or the Guarantor. Subject to a number of exceptions set out in Condition 8 of the Terms and Conditions of the Senior Notes, Condition 7 of the Subordinated Notes and Deeply Subordinated Notes and Condition 8 of the Terms and Conditions of the Subordinated Notes, if such withholding is required, the relevant Issuer will generally be required to pay such additional amounts as will result in the receipt by the Noteholders of such amounts as they would have received had no such withholding been required.

All payments on Notes issued by ZIC will be made subject to withholding tax imposed by Switzerland to the extent required by law and/or by agreement of the Issuer or the Guarantor. No additional amounts will be paid by ZIC in respect of any such withholding as set out in Condition 8 of the Terms and Conditions of the Senior Notes, Condition 7 of the Subordinated Notes and Deeply Subordinated Notes and, in relation to Guaranteed Subordinated Notes, Condition 8 of the Terms and Conditions of the Subordinated Notes and, save in the case of Restricted Notes on which additional amounts will, subject to certain exceptions, be payable as discussed in Condition 8 of the Terms and Conditions of the Senior Notes and Condition 7 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes.

**Negative Pledge:**

The terms of the Senior Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia) will contain a negative pledge provision as further described in Condition 4 of the Terms and Conditions of the Senior Notes.

**Cross Default:**

In relation to any Senior Notes, the terms of such Senior Notes will contain a cross default provision as further described in Condition 9(c) of the Terms and Conditions of the Senior Notes.

**Status of the Notes:**

Notes issued under the Programme may either be Senior Notes, Subordinated Notes or Deeply Subordinated Notes, each as defined herein, and as specified in the applicable Pricing Supplement. The Senior Notes will constitute direct, unconditional, unsubordinated and, subject to the provision of Condition 4 of the Terms and Conditions of the Senior Notes, unsecured obligations of the relevant Issuer and (subject as aforesaid) will rank as set out in Condition 3 of the Terms and Conditions of the Senior Notes. The ZIC Subordinated Notes will rank as set out in Condition 3(a) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and the Guaranteed Subordinated Notes issued by ZF (Luxembourg), ZF (UK) or ZF (Australia) will rank as set out in Condition 3 of the Terms and Conditions of the Subordinated Notes, and, in each case, as specified in the applicable Pricing Supplement. The Deeply Subordinated Notes will rank as set out in Condition 3(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, as specified in the applicable Pricing Supplement.

**Guarantees by ZIC:**

Each Tranche of Senior Notes issued by ZF (Luxembourg), ZF (UK), ZHCA or ZF (Australia) will be unconditionally and irrevocably guaranteed by ZIC (each such guarantee, a “ZIC Senior Guarantee”). Each ZIC Senior Guarantee will be governed by Swiss law, will be issued by ZIC on the issue date of the relevant Tranche of Notes and will be limited to its stated maximum amount. The obligations of ZIC under each ZIC Senior Guarantee will be direct, non-accessory, unconditional, unsubordinated and unsecured obligations of ZIC and (subject as aforesaid) will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of ZIC, present and future, save for statutorily preferred exceptions, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights. Payment under the relevant ZIC Senior Guarantee shall be made by ZIC within 7 days of receipt by it of notice from the Trustee that such payment has become due and remains unpaid. (See “Form of the ZIC Senior Guarantee” below).

Each Tranche of Guaranteed Subordinated Notes issued by ZF (Luxembourg), ZF

(UK) or ZF (Australia) will be unconditionally and irrevocably guaranteed on a subordinated basis by ZIC by way of an unsecured and subordinated guarantee (each such guarantee, a “**ZIC Subordinated Guarantee**”). Each ZIC Subordinated Guarantee will be governed by Swiss law, will be issued by ZIC on the issue date of the relevant Tranche of Notes and will be limited to its stated maximum amount. The obligations of ZIC under each ZIC Subordinated Guarantee will constitute direct, non-accessory, unconditional, subordinated and unsecured obligations of ZIC ranking as set out in Clause 1(1)(a) of the ZIC Subordinated Guarantee. Payment under the relevant ZIC Subordinated Guarantee shall be made by ZIC within 7 days of receipt by it of notice from the Trustee that such payment has become due and remains unpaid. (See “*Form of the ZIC Subordinated Guarantee*” below).

**Prescription:**

The Notes and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 20 of the Terms and Conditions of the Senior Notes, Condition 20 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 20 of the Terms and Conditions of the Subordinated Notes) therefor.

**Listing and Admission to Trading:**

Applications have been made for the Notes to be admitted to trading on the Euro MTF Market (which is not a regulated market pursuant to MiFID) and listed on the Official List of the Luxembourg Stock Exchange for a period of twelve months from the date hereof. The Notes may also be admitted to listing, trading and/or quotation by any other listing authorities, stock exchanges and/or quotation systems (including the SIX Swiss Exchange) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each Series.

The applicable Pricing Supplement will state whether or not and, if so, on which stock exchange(s) the Notes are to be listed.

**Governing Law:**

The Notes (other than the provisions of Condition 3 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, which will be governed by, and construed in accordance with, the laws of Switzerland, and Condition 3 of the Terms and Conditions of the Subordinated Notes, which will each be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer) will be governed by, and construed in accordance with, English law. Holders of Listed Swiss Franc Notes should note that, among other things, under the Terms and Conditions of the Senior Notes, under the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and under the Terms and Conditions of the Subordinated Notes, collective representation of investors is possible, albeit without any guarantee that investors’ anonymity can be assured.

Each ZIC Senior Guarantee and each ZIC Subordinated Guarantee will be governed by Swiss law.

**Selling Restrictions:**

There are selling restrictions in relation to the U.S., the European Economic Area, Ireland, the United Kingdom, Japan and Australia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “**Subscription and Sale**” below.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following, save for paragraphs in italics, is the text of the terms and conditions that, subject to completion and amendment and as supplemented in accordance with the provisions of Part A of the applicable Pricing Supplement, shall be applicable to the Senior Notes. As set out below, the terms and conditions are presented in the form that would be endorsed, together with the relevant provisions of Part A of the Pricing Supplement, on (A) Bearer Notes in definitive form (if any) issued in exchange for Global Note(s) or (B) in the case of Registered Notes, Certificates, in each case, representing Senior Notes. Accordingly, references in these terms and conditions to provisions specified in the applicable Pricing Supplement shall be to the provisions set out in the applicable Pricing Supplement. Capitalised terms that are not defined in the Conditions will have the meanings given to them in the applicable Pricing Supplement relating to any Series and/or Tranche of Notes, the absence of any such meaning indicating that such term is not applicable to the Notes of that Series.*

This Note is one of a Series (as defined below) of Notes issued by Zurich Finance (Luxembourg) S.A. (“**ZF (Luxembourg)**”), Zurich Finance (UK) plc (“**ZF (UK)**”), Zurich Finance Australia Limited (“**ZF (Australia)**”), Zurich Holding Company of America Inc. (“**ZHCA**”) or Zurich Insurance Company Ltd (“**ZIC**” and, together with ZF (Luxembourg), ZF (UK), ZF (Australia) and ZHCA, the “**Issuers**” and each an “**Issuer**”) constituted by an amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented in relation to that Series of Notes as at the Issue Date of the Notes specified in the applicable Pricing Supplement (the “**Issue Date**”) (the “**Trust Deed**”) between the Issuers, ZIC (in its capacity as guarantor, the “**Guarantor**”), Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

References in the Conditions to (i) “**Notes**” are to Senior Notes of one Series only, not to all Senior Notes that may be issued under the Programme; and (ii) the “**Issuer**” are to the issuer of the Notes specified as such in the applicable Pricing Supplement.

Senior Notes issued by ZF (Luxembourg), ZF (UK), ZF (Australia) and ZHCA will benefit from a ZIC Senior Guarantee (as defined in Condition 5 (*Guarantee*)).

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates for Registered Notes, Coupons and Talons referred to below. An Agency Agreement dated 22 May 2018 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between, *inter alios* the Issuers, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying 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 “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. In the case of Listed Swiss Franc Notes, references herein to the “Agency Agreement” shall also extend to the agreement referred to in Condition 11(g) which supplements the Agency Agreement. Copies of the Trust Deed and the Agency Agreement and, if applicable, any ZIC Senior Guarantee are available for inspection during usual business hours and upon reasonable notice at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are deemed to have notice of, and are bound by, all the provisions of the Trust Deed and, if applicable, the relevant ZIC Senior Guarantee, and are deemed to have notice of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes of a Series which are identical in all respects. “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and to form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, first payment of interest and/or issue prices.

Capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 1. Form, Denomination and Title

Whether this Note is in bearer or registered form or whether it is a “Listed Swiss Franc Note” is specified in the applicable Pricing Supplement.

This Note is issued either in bearer form (each a “**Bearer Note**”) or in registered form (each a “**Registered Note**”) in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

Each Bearer Note is serially numbered and is issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case reference to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Each Registered Note is represented by a registered certificate (a “**Certificate**”) and each Certificate shall represent the entire holding of Registered Notes by the same Noteholder.

In these Conditions, “**Noteholder**” and “**holder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and, except as ordered by a court of competent jurisdiction or as required by law, such holder shall be deemed to be and may be treated as the absolute owner of such Note for all purposes.

Any references in these Conditions to Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. Any references to any holder of Notes which are in bearer form shall, unless the context otherwise requires, include any Couponholders.

Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon 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**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

Any Bearer Note issued by ZHCA will be issued in “registered form” for U.S. federal income tax purposes. In order for such Bearer Notes to be issued in “registered form” for U.S. federal income tax purposes, such Notes each will be “effectively immobilized”. Under guidance issued by the U.S. Internal Revenue Service (“**IRS**”), a Global Note in bearer form issued by ZHCA is “effectively immobilized” if (1) it is issued to and held by Euroclear or Clearstream, or another clearing organisation as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(B)(4) (or by a custodian or depository acting as an agent of the clearing organisation) for the benefit of purchasers of interests in the obligation under arrangements that prohibit the transfer of the Global Note in bearer form except to a successor clearing organisation subject to the same terms; and (2) beneficial interests in the underlying obligation are transferable only through a book entry system maintained by the clearing organisation (or an agent of the clearing organisation). Under guidance by the IRS, Global Notes in bearer form are also subject to restrictions as to the circumstances under which Bearer Notes in definitive form may be issued. To meet such restrictions, the applicable Pricing Supplement for a Permanent Global Note issued by ZHCA will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Notes in definitive bearer form with, where applicable, Coupons and Talons attached (i) if an Event of Default (as defined in Condition 9) occurs in respect of any Note or (ii) if Euroclear or Clearstream ceases business permanently and no alternative clearing system satisfactory to the Trustee is available. After the occurrence of one of these circumstances set forth in the applicable Pricing Supplement, such that a holder, or a group of holders acting collectively, has a right to obtain a Notes in definitive bearer form issued by ZHCA, such Note will no longer be in registered form for U.S. federal income tax purposes, regardless of whether any option to obtain a Note in definitive bearer form has actually been exercised.

## **2. Listed Swiss Franc Notes**

This Note is a Listed Swiss Franc Note if it is denominated or payable in Swiss Francs, is in bearer form, is listed on the SIX Swiss Exchange and it is so specified in the applicable Pricing Supplement.

*Each Tranche of Listed Swiss Franc Notes will be represented exclusively on issue by a Permanent Global SIS Note in bearer form, which will be deposited with SIX SIS AG, Olten, Switzerland, or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange on or prior to the Issue Date of such Series of Notes.*

## **3. Status**

The Issuer’s obligations in respect of or arising under the Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves save for statutorily preferred exceptions, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

## **4. Negative Pledge**

So long as any of the Notes of the relevant Series remains outstanding (as defined in the Trust Deed), the Issuer (except where ZIC is the Issuer) will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, property, assets or revenues present or future to secure any Relevant Debt, or to secure any guarantee of or indemnity in respect of any Relevant Debt, unless, at the same time or prior thereto, the Issuer’s obligations under the Notes and the Trust Deed (i) are secured equally and rateably therewith to the satisfaction of the Trustee, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders of the relevant Series or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders of the relevant Series.

## **5. Guarantee**

Where the Issuer is ZF (Luxembourg), ZF (UK), ZF (Australia) or ZHCA, the payment of principal and interest in respect of the Notes (together with any Additional Amounts payable under Condition 8 (*Taxation*) and all other moneys payable under the Trust Deed) up to the Specified Maximum Amount has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to a guarantee agreement dated the Issue Date, and governed by Swiss law (the “ZIC Senior Guarantee”).

The ZIC Senior Guarantee provides that the Guarantor will, within seven days of receipt by it of notice from the Trustee confirming that a payment has become due and remains unpaid, make such payment.

The ZIC Senior Guarantee is limited to the Specified Maximum Amount stated in the applicable Pricing Supplement and the ZIC Senior Guarantee. The obligations of the Guarantor under the ZIC Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor.

Claims of Noteholders under the ZIC Senior Guarantee rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, save for statutorily preferred exceptions, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## 6. Interest and other Calculations

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Fixed to Floating Rate Note, a Zero Coupon Note or a combination of the foregoing (and each as further described below and in Condition 10 (*Interest Determination and Payment Dates*)), depending upon the Interest Basis specified in the applicable Pricing Supplement.

### (a) Interest Basis

#### (i) Notes other than Zero Coupon Notes

Each type of Note (other than a Zero Coupon Note) bears interest on its outstanding principal amount, accruing as follows:

##### (a) Fixed Rate Note:

from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest;

##### (b) Fixed Rate Reset Note:

(x) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(y) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(z) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest;

##### (c) Floating Rate Note:

from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 10(b); and

##### (d) Fixed to Floating Rate Note:

(x) from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest; and

(y) from (and including) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 10(b).

Each Note will cease to bear interest from the date for its redemption unless, upon due presentation or surrender thereof, payment of principal is improperly withheld or refused and in such event, interest will continue to accrue as provided in the Trust Deed.

If any Margin is specified in the applicable Pricing Supplement (either (A) generally or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 10(b) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to Condition 10(c).

Such interest shall be payable in arrear on each Interest Payment Date specified in the applicable Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 6(b).

#### (ii) Zero Coupon Notes

Where a Note the Interest Basis of which is specified in the applicable Pricing Supplement to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).

### (b) Calculations

Interest is calculated on each Note by reference to the Calculation Amount specified in the applicable Pricing Supplement. The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for calculating such amount) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises more than one Interest Accrual Period, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified in the applicable Pricing Supplement.

(c) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount and Clean-Up Redemption Price***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount:

- (i) obtain any quotation or make any determination or calculation;
- (ii) determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period;
- (iii) calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-Up Redemption Price (as may be provided for in the applicable Pricing Supplement);
- (iv) obtain such quotation or make such determination or calculation, as the case may be; and
- (v) cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-Up Redemption Price, to be notified to the Trustee, the Issuer, the Guarantor, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (x) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (y) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 10(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee in accordance with these Conditions by way of adjustment) without notice or consent of the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes are not redeemed when due in accordance with Condition 7 (*Redemption, Purchase and Options*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 6 but no publication of the Rate of Interest or the Interest Amount so calculated need be made, unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

## **7. Redemption, Purchase and Options**

(a) ***Redemption at Maturity***

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount specified in the applicable Pricing Supplement.

(b) ***Early Redemption***

- (i) Zero Coupon Notes:
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 7(c), Condition 7(d), Condition 7(e) or Condition 7(f) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Pricing Supplement.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c), Condition 7(d), Condition 7(e) or Condition 7(f) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and

payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in subparagraph (B) above, except that such subparagraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this subparagraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(a)(ii).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.

(ii) **Other Notes:**

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(c), Condition 7(d), Condition 7(e) or Condition 7(f) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

In respect of any redemption pursuant to Condition 7(c), 7(e) or 7(f), the Issuer shall give not less than 30 nor more than 60 days' prior notice of any redemption to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall be irrevocable). Upon expiry of such notice, the Issuer shall redeem the Notes.

In respect of any redemption pursuant to Condition 7(d), upon the Noteholders giving not less than 30 nor more than 60 days' notice to the Issuer in accordance with Condition 14 (or such other notice period as may be specified in the applicable Pricing Supplement), the Issuer shall, upon expiry of such notice, redeem the Notes.

(c) ***Redemption at the Option of the Issuer***

If Call Option is specified in the applicable Pricing Supplement as being applicable, the Issuer may, at its option, redeem all, but not some only, of the Notes on any Optional Redemption Date specified in the applicable Pricing Supplement. Any such redemption of Notes shall be at their Optional Redemption Amount (which may be the Early Redemption Amount as described in Condition 7(b)) together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions.

(d) ***Redemption at the Option of the Noteholders***

If a Put Option is specified in the applicable Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount (which may be the Early Redemption Amount as described in Condition 7(b)) together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(e) ***Redemption Due to Taxation***

If, prior to the giving of the relevant notice of redemption a Tax Event has occurred and is continuing, then the Issuer may redeem the Notes in accordance with these Conditions.

Such redemption may be at any time (if and for so long as this Note is not a Floating Rate Note) or on any Interest Payment Date (if and for so long as this Note is a Floating Rate Note).

The Issuer may redeem all, but not some only, of the Notes at their Early Redemption Amount (as described in Condition 7(b)), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions, provided that no notice of redemption shall be given pursuant to limb (a) in the definition of Tax Event earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, ZIC (where ZIC is not the Issuer) would be obliged to pay Additional Amounts were a payment in respect of the Notes or the ZIC Senior Guarantee then due.

(f) ***Redemption Due to a Clean-Up Event***

If Clean-Up Event Call is specified in the applicable Pricing Supplement as being applicable, the following provisions shall apply.

If a Clean-Up Event occurs and within the Early Event Call Period, the Issuer gives a notice of redemption and if the relevant Clean-Up Event is continuing on the date of such notice, then the Issuer may as further provided below, redeem in accordance with these Conditions all, but not some only, of the Notes.

Such redemption may be at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date.

The Notes will be redeemed at the Clean-Up Redemption Price (which may be the Early Redemption Amount as described in Condition 7(b)) specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

**(g) Purchases**

Subject to Condition 15(b) in the case of Restricted Notes, the Issuer, ZIC (where ZIC is not the Issuer), ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) for the time being may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price.

**(h) Cancellation**

All Notes purchased in accordance with Condition 7(g) by or on behalf of the Issuer, ZIC (where ZIC is not the Issuer), ZIG or any of their respective Subsidiaries may (at the option of the Issuer, ZIC, ZIG or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(i) Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance within this Condition 7 (*Redemption, Purchase and Options*) has happened or exists and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 7 (*Redemption, Purchase and Options*), it shall be entitled to assume that no such event or circumstance exists.

**8. Taxation**

**(a) Notes issued by ZIC**

**(i) Notes other than Restricted Notes**

All payments made by or on behalf of the Issuer in respect of Notes other than Restricted Notes will be made subject to and after deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Switzerland or any political subdivision or any authority thereof or therein having power to tax required to be made by law. The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.

**(ii) Restricted Notes**

All payments of principal and interest by or on behalf of ZIC in respect of Restricted Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax unless such withholding or deduction is required by law and/or by agreement of ZIC. If ZIC or any person acting on its behalf is required by law to make any such withholding or deduction, ZIC will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of such Notes, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any such Note:

- (A) presented for payment by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of that Note by reason of it having some connection with the Relevant Jurisdiction other than the mere holding of the Notes;
- (B) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to payment of an Additional Amount if it had presented its Note for payment on the 30th day after the Relevant Date, on the assumption, if such is not the case, that such last day is a Business Day;
- (C) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;



- (D) if the payment could have been made to the relevant Noteholder without such withholding or deduction if it were a Qualifying Lender, but on that date that Noteholder is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Noteholder under these Conditions in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority;
- (E) if the payment could have been made without such withholding or deduction if the Noteholders had complied with Conditions 15(a) and 15(b) (if Condition 15(a) is specified in the applicable Pricing Supplement to apply); or
- (F) any combination of items (A) to (E) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on Restricted Notes by or on behalf of ZIC will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither ZIC nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

**(b) Notes issued by ZF (Luxembourg) or ZF (UK)**

In the case of Notes issued by ZF (Luxembourg) or ZF (UK), all payments under the Trust Deed and the Notes will be made without withholding or deduction for or on account of any taxes or duties of whatever nature imposed or levied by or on behalf of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law and/or by agreement of the relevant Issuer or the Guarantor, as the case may be. In such event, ZF (Luxembourg) or ZF (UK), as the case may be, will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note presented for payment:

- (i) in Luxembourg, in the case of Notes issued by ZF (Luxembourg);
- (ii) by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with the United Kingdom (in the case of ZF (UK)) or Luxembourg (in the case of ZF (Luxembourg) or Switzerland (in the case of payments made by ZIC) other than the mere holding of such Note;
- (iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day;
- (iv) where such withholding or deduction is imposed on a payment and is required to be made on a payment to an individual resident in Luxembourg in accordance with the provisions of the Luxembourg law dated 23 December 2005, as amended, introducing a withholding tax on interest paid to such Luxembourg resident individual;
- (v) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments; or
- (vi) any combination of items (i) through (v) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of ZF (Luxembourg) or ZF (UK) will be paid net of any FATCA Withholding. Neither ZF (Luxembourg), ZF (UK) nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

**(c) Notes issued by ZF (Australia)**

In the case of Notes issued by ZF (Australia), all payments of principal and interest in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Relevant Jurisdiction or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by a law or directive.

In the event that ZF (Australia) or any person acting on its behalf is required by law or directive to make any such withholding or deduction, ZF (Australia) will pay such additional amounts (“**Additional Amounts**”) as shall be necessary so that, after making the withholding or deduction and further withholdings or deductions applicable to Additional Amounts payable under this paragraph, the Noteholders are entitled to receive (at the time the payment is due) the amounts they would have received if no withholdings or deductions had been required to be made; except that no such Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of the person having some connection with the Relevant Jurisdiction other than the mere holding of such Note or receipt of payment in respect of such Note;
- (ii) presented for payment or in respect of which a claim for payment is made more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an Additional Amount on presenting the Note, or claiming or making demand, for payment on the last day of the period of 30 days;
- (iii) on account of such taxes, duties, assessments or governmental charges which are payable by reason of the Noteholder being an associate of ZF (Australia) for the purposes of section 128F of the Australian Tax Act;
- (iv) on account of such taxes, duties, assessments or governmental charges which are required to be deducted or withheld from amounts payable to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by (1) providing (or procuring that a third party provides) the Noteholder's Australian tax file number ("TFN") or Australian Business Number ("ABN") or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority (with a copy to the Issuer) and/or (2) complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption;
- (v) to, or to a third party on behalf of, a Noteholder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law;
- (vi) to the extent that ZF (Australia) is obliged to pay such taxes, duties, assessments or governmental charges in respect of such payment made to, or to a third party on behalf of, a Noteholder as a result of the operation of section 126 of the Australian Tax Act by reason of the Noteholder being an Australian resident or a non-resident that carries on business at or through a permanent establishment in Australia and not having disclosed to ZF (Australia) its name and address;
- (vii) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (viii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;
- (ix) to a Noteholder that is not the beneficial owner of such Note to the extent that the beneficial owner thereof would not have been entitled to the payment of an Additional Amount had such beneficial owner been the Noteholder of such Note;
- (x) on account of any Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation that such tax is payable under the Australian Tax Act, in circumstances where the Noteholder is party to or participated in a scheme to avoid such tax and where ZF (Australia) was neither a party to nor participated in such scheme;
- (xi) in such other circumstances as may be specified in the applicable Pricing Supplement; or
- (xii) any combination of items (i) through (xi) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of ZF (Australia) will be paid net of any FATCA Withholding. Neither ZF (Australia) nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

**(d) Notes issued by ZHCA**

*(i) Additional Amounts*

In the case of Notes issued by ZHCA, all payments of principal, premium and interest in respect of the Notes issued by ZHCA will 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 Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") unless such withholding or deduction is required by law, intergovernmental agreement and/or by agreement described in Section 1471(b) of the Code. In such event, ZHCA will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such sums as the Noteholders would have received if no such deduction or withholding had been required.

*(ii) Exceptions*

However, no such Additional Amounts shall be payable as a result of a withholding or deduction on account of any one or more of the following:

- (i) any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for (A) the existence of any present or former connection between a Noteholder (or between a fiduciary,

settlor, beneficiary, member or shareholder of, or possessor of a power over, a Noteholder, if a Noteholder is an estate, a trust, a partnership, a corporation or another entity) and the U.S. or any political subdivision or territory or possession thereof, including, without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident or treated as a resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or incorporated therein or otherwise having or having had some connection with the U.S. or such political subdivision, territory or possession other than the mere holding or ownership of a Note; (B) a Noteholder or beneficial owner's present or former status as a controlled foreign corporation related to ZHCA within the meaning of Section 864(d)(4) of the Code; (C) an election by a Noteholder or beneficial owner of a Note, the effect of which is to make payment in respect of the Note subject to United States federal income tax; or (D) a Noteholder or beneficial owner being a bank for U.S. federal income tax purpose whose receipt of interest on a Note is described in Section 881(c)(3)(A) of the Code;

- (ii) any tax, duty, levy, assessment or other governmental charge which would not have been so imposed but for presentation by the Noteholder for payment on a date more than 15 days after the Relevant Date;
- (iii) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, levy, assessment or other governmental charge;
- (iv) any tax, duty, levy, assessment or other governmental charge which would not have been imposed or withheld but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the U.S. or any political subdivision thereof of the Noteholder or beneficial owner of such Note;
- (v) any tax, duty, levy, assessment or other governmental charge which is (A) payable otherwise than by withholding from payments of or in respect of principal of or interest on such Note or (B) required to be withheld by a Paying Agent from any such payment, if such payment can be made without such withholding by any other Paying Agent outside the U.S.;
- (vi) any tax, duty, levy, assessment or other governmental charge imposed on interest received by a person holding, actually or constructively, 10 per cent or more of the total combined voting power of all classes of stock of ZHCA;
- (vii) any tax, duty, levy, assessment or other governmental charge imposed by reason of payments on a Note being treated as contingent interest described in Section 871(h)(4) of the Code but only to the extent such treatment was disclosed in writing to the Noteholder of the Notes at the time such Noteholder acquired the Notes;
- (viii) any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for a Noteholder or beneficial owner of one or more of the Notes being subject to backup withholding as of the date of the purchase of the Note;
- (ix) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments; or
- (x) any combination of items (i) through (ix) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of ZHCA will be paid net of any FATCA Withholding. Neither ZHCA nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

*(iii) Treatment of the Notes as indebtedness*

By purchasing the Notes issued by ZHCA, each Noteholder agrees, and ZHCA agrees, to treat the Notes as indebtedness of ZHCA for all US federal income tax purposes.

## **9. Events of Default**

The Trustee may at its discretion, and if Noteholder Mandated shall (subject in the case of Condition 9(b), (c), (e), (f), (g), (i) and (j) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction), give notice (the “**default notice**”) in writing to the Issuer and ZIC (where ZIC is not the Issuer) that the Notes are immediately due and repayable if any of the following events (“**Events of Default**”) shall have occurred and be continuing:

- (a) there is a failure by the Issuer or ZIC (where ZIC is not the Issuer) to pay principal or interest on any of the Notes when due and such failure continues for a period of fourteen days; or

- (b) a default is made by the Issuer or ZIC (where ZIC is not the Issuer) in the performance or observance of any other covenant, condition or provision contained in the Trust Deed or in the Notes and on its part to be performed or observed (other than the covenant to pay principal and interest in respect of any of the Notes) and (except where the Trustee certifies in writing that, in its opinion, such default is not capable of remedy, when no such notice as mentioned below shall be required) such default continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or ZIC, as the case may be, of notice requiring such default to be remedied; or
- (c) if any other indebtedness of the Issuer or ZIC (where ZIC is not the Issuer) for borrowed moneys is declared due and payable prior to the due date for payment thereof by reason of default on the part of the Issuer or ZIC (where ZIC is not the Issuer), or if any such indebtedness is not repaid on the due date for payment thereof (or by the expiry of any applicable grace period), or any guarantee or indemnity in respect of indebtedness for borrowed moneys given by the Issuer or ZIC (where ZIC is not the Issuer) is not honoured when due and called upon or at the expiry of any applicable grace period, save in any such case where the relevant payment liability is being contested in good faith and by appropriate means, provided that no such event as aforesaid shall constitute an Event of Default unless the amount declared due and payable or not paid, either alone or when aggregated with other such amounts then declared due and payable or not paid by the Issuer or ZIC (where ZIC is not the Issuer), shall amount to at least USD300,000,000 or its equivalent in other currencies; or
- (d) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or ZIC (where ZIC is not the Issuer) be wound up or dissolved or the Issuer or ZIC (where ZIC is not the Issuer) stops payment or ceases business, or disposes (other than in the ordinary course of its business) of the whole or substantially the whole of its assets, otherwise than in any such case for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders or as a result of a Permitted Reorganisation; or
- (e) an encumbrancer or a person with similar functions appointed for execution (in Switzerland, a *Sachwalter*, *Konkursverwalter* or *Konkursliquidator*) takes possession or a receiver is appointed of the whole or substantially the whole of the assets or undertaking of the Issuer or ZIC (where ZIC is not the Issuer) or a distress, execution or seizure before judgment is levied or enforced upon or sued out against any substantial part of the property, assets or revenues of the Issuer or ZIC (where ZIC is not the Issuer) unless discharged, stayed or removed within 60 days thereof (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned) or being contested in good faith and by appropriate means; or
- (f) the Issuer or ZIC (where ZIC is not the Issuer) is insolvent or bankrupt or unable to pay its debts as and when they fall due or the Issuer or ZIC (where ZIC is not the Issuer) shall initiate or consent or become subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition, administration, examinership, or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors or enters into a moratorium (*Stundung*); or
- (g) proceedings shall have been initiated against the Issuer or ZIC (where ZIC is not the Issuer), under any applicable bankruptcy, composition, administration or insolvency law in respect of a sum claimed in aggregate of at least USD200,000,000 or its equivalent in other currencies unless such proceedings are discharged or stayed within a period of 60 days (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned) or are being contested in good faith and by appropriate means; or
- (h) if the Issuer is ZF (Luxembourg), ZF (UK), ZF (Australia) or ZHCA, if the relevant ZIC Senior Guarantee ceases to be, or is claimed by ZIC not to be, in full force and effect; or
- (i) where ZIC is not the Issuer, the Issuer (excluding ZF (UK)) ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by ZIC, unless such cessation is as a result of a Permitted Reorganisation or is previously approved either in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders; or
- (j) any event occurs which under applicable laws has an analogous effect to any of the events referred to in paragraphs (d) to (g) above.

At any time after the Notes become due and payable pursuant to this Condition 9 (*Events of Default*), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless it shall have been Noteholder Mandated and in either case, until it has been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become Noteholder Mandated to take such action, fails to do so within a reasonable time and such failure is continuing.

## 10. Interest Determination and Payment Dates

### (a) *Fixed Rate Reset Notes - Fallbacks*

If Mid-Swap Rate is specified in the applicable Pricing Supplement and on any Reset Determination Date the Reset Rate Screen Page is not available or the Mid-Swap Rate does not appear on the Reset Rate Screen Page (other than in the circumstances provided for in Condition 10(e)), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the Reset Margin, all as determined by the Calculation Agent.

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the Reset Margin, all as determined by the Calculation Agent. If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 10(a), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

### (b) *Floating Rate Notes and Fixed to Floating Rate Notes*

#### (i) *Interest Payment Dates*

Interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified in the applicable Pricing Supplement in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 6(b). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

#### (ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

#### (iii) *Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

##### (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this subparagraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 10(e), be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) or on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Linear Interpolation*

Where Linear Interpolation is specified in the applicable Pricing Supplement as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Pricing Supplement as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Pricing Supplement as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(c) *Maximum Rate of Interest and Final Redemption Amount and Rounding*

- (i) If any Maximum Rate of Interest or Final Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest or any calculated Interest Amount or Final Redemption Amount shall be subject to such maximum.
- (ii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(d) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) and the required number of Reference Banks if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). The Issuer may, with the prior written approval of the Trustee (not to be unreasonably withheld), from time to time replace any Reference Bank with another leading investment, merchant or commercial bank or financial institution. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Clean-Up Redemption Price, as the case may be, or to comply with any other requirement of it hereunder, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(e) *Benchmark discontinuation*

Notwithstanding the provisions in Condition 10(a) and 10(b), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 10(e) shall apply.

(i) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 10(e)(ii) and, in either case, an Adjustment Spread if any (in accordance with Condition 10(e)(iii)) and any Benchmark Amendments (in accordance with Condition 10(e)).

An Independent Adviser appointed pursuant to this Condition 10(e) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 10(e).

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- A. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 10(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the

relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 10(e)); or

- B. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 10(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 10(e)).

**(iii) Adjustment Spread**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

**(iv) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 10(e) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 10(e)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Officers of the Issuer pursuant to Condition 10(e)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 10(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

**(v) Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 10(e) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 19, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 10(e); and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee’s ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

**(vi) Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 10(e) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 10(a) and 10(b) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 10(e)(v).



**(vii) Definitions:**

As used in this Condition 10(e):

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 10(e)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 10(e)(iv).

“**Benchmark Event**” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (5) it has become unlawful for any Paying Agent, Calculation Agent the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 10(e)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any relevant component part(s) thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 11. Payments

### (a) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and ZIC (where ZIC is not the Issuer) and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and ZIC (where ZIC is not the Issuer) and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and ZIC (where ZIC is not the Issuer) reserve the right at any time, with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in Continental Europe, and (vi) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and Transfer Agent (in relation to Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange.

In addition, the Issuer and ZIC (where ZIC is not the Issuer) shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 11(d).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

Notwithstanding the foregoing, the Issuer will in respect of any Listed Swiss Franc Notes at all times maintain a Principal Swiss Paying Agent having a specified office in Switzerland and will at no time maintain a Paying Agent having a specified office outside Switzerland, unless permitted by applicable law.

### (b) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons (in the case of interest, save as specified in Condition 11(h)(i)), as the case may be, at the specified office of any Paying Agent outside the U.S. (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System or, in the case of New Zealand dollars, shall be Auckland.

### (c) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the Record Date. Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank the details of which are given to the Registrar or any Transfer Agent before the Record Date.

### (d) *Payments in the U.S.*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### (e) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or ZIC (where ZIC is not the Issuer) or its agents) and neither the Issuer nor ZIC (where ZIC is not the Issuer) will be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

### (f) *Non-Business Days*

If any date for payment in respect of any Note is not a Business Day, the Noteholder 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 business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the applicable Pricing Supplement 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) which is a TARGET Business Day.

**(g) *Payments on Listed Swiss Franc Notes***

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

**(h) *Special Provisions relating to Coupons and Talons***

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unexpired Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unexpired Coupons or any unexpired Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

**12. Meetings of Noteholders, Modification and Waiver**

**(a) *Single Noteholder***

In relation to any Series of Restricted Notes held by a Single Noteholder, the meeting, quorum and voting provisions of Condition 12(b) and the modification provisions of Condition 12(c) shall not apply. Instead, only those amendments, waivers or variations of the Notes or the Trust Deed agreed in writing by the Single Noteholder and the parties to the Trust Deed will be made.

A “**Single Noteholder**” means a sole Noteholder, who has certified to the Trustee that it is the sole Noteholder of the Notes of that Series and is not holding such Notes as a depositary for, or nominee of, Euroclear or Clearstream.

**(b) *Meetings of Noteholders***

- (i) In relation to Notes issued by ZIC, the provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Listed Swiss Franc Notes and other Notes issued by ZIC by way of a public offering within the meaning of Article 1157 of the Swiss Code of Obligations and Condition 12(b)(ii) shall not apply at all.
- (ii) In relation to any Notes other than those falling within Condition 12(a) or Condition 12(b)(i), the Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes 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 Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount, the Optional Redemption Amount, Amortised Face Amount or the Clean-Up Redemption Price, (vi) to vary the currency or currencies of payment

or denomination of the Notes, (vii) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (viii) to cancel or modify the ZIC Senior Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 10(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

*For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “Companies Act 1915”), are excluded in the case of Notes issued by ZF (Luxembourg). No holder of Notes issued by ZF (Luxembourg) may initiate proceedings against ZF (Luxembourg) based on article 470-21 of the Companies Act 1915.*

**(c) Modification of the Trust Deed or Agency Agreement**

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the ZIC Senior Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed, the ZIC Senior Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

**13. Issuer Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 13 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 (*Taxation*) with the substitution for the references in that Condition to the Issuer’s Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;
- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer, ZIC (where ZIC is not the Issuer) and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (equivalent to that referred to in Condition 5 (*Guarantee*)) in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement, the relevant ZIC Senior Guarantee (if applicable) and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor and ZIC (as applicable).

In connection with any such substitution in accordance with this Condition 13 (*Issuer Substitution*), references in the definition “Tax Law Change” to Relevant Jurisdiction shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words “becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series” in the definition “Tax Law Change” shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) was given pursuant to the Trust Deed”).

Any such agreement by the *Trustee* pursuant to this Condition 13 (*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

#### 14. The Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 12 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the *Issuer* any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless *indemnified* and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any opinion, certificate or written confirmation given *pursuant* to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

For the avoidance of doubt, nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or *the* rights and remedies of the Trustee or the Agents in respect thereof.

#### 15. Restricted Notes

*This Condition 15 (Restricted Notes) only applies to Notes issued by ZIC.*

##### (a) Restrictions on Transfer of Restricted Notes

(i) If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(a) shall apply and the Restricted Notes will be issued as Registered Notes and may only be assigned or transferred, including upon an enforcement of a security (a “**Transfer**” and “**Transferred**” shall be construed accordingly):

- (a) in whole or in part, if the Transfer is to a Qualifying Bank; or
- (b) in whole, but not in part (except for parts of Restricted Notes held by Qualifying Banks at the time), if the Transfer is to a Permitted Non-Qualifying Lender,

provided that no Transfer under this Condition 15(a) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.

The Restricted Notes will bear a legend setting out the applicable transfer restrictions provided for in this Condition 15(a).

(ii) A Noteholder may at any time require that the Issuer replaces such Noteholder’s Certificate(s) representing the Restricted Notes with Certificates in minimum denominations equal to the Restricted Note Minimum Denomination Amount specified in the applicable Pricing Supplement.

(iii) Restricted Notes may only be Transferred in amounts equal to the Restricted Note Transfer Amount specified in the applicable Pricing Supplement.

(iv) Any Transfer of a Restricted Note shall be recorded by the Registrar in the Register on production of:

- (a) the relevant Certificate representing the Restricted Note and certification delivered to the Registrar by the transferee to the effect that it is either a Qualifying Bank or a Permitted Non-Qualifying Lender; and
- (b) such other evidence as the Issuer may require.

Any Transfer of a Restricted Note shall only be effective and shall only be recorded by the Registrar in the Register if such Restricted Note is transferred in accordance with this Condition 15(a).

(v) Subject to this Condition 15(a), no Noteholder shall at any time enter into any arrangement with another person under which such Noteholder transfers all or part of its interest in the Restricted Notes to that other person, unless under such arrangement throughout the life of such arrangement:

- (a) the relationship between the Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of that Noteholder or the Issuer);
- (b) the other person will have no proprietary interest in the benefit of the Restricted Notes or in any monies received by the Noteholder under or in relation to the Restricted Notes held by that Noteholder; and

- (c) the other person will under no circumstances (other than by way of permitted Transfer under this Condition 15(a)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Restricted Notes and otherwise have a contractual relationship with, or rights against, the Issuer under or in relation to, the Restricted Notes.

The granting of security in accordance with Condition 15(b) is deemed not to constitute a Transfer of an interest under the Restricted Notes for the purposes of this Condition 15(a).

- (vi) For so long as Restricted Notes are outstanding, the Issuer will ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this undertaking if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set out in this Condition 15(a) or in Condition 15(b).

**(b) *Grants of Security***

If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(b) shall apply. Any Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Restricted Notes to secure obligations of such Noteholder; provided that:

- (i) no such charge or creation of a security interest shall:
  - (a) substitute any such chargee or holder of the benefit of such security interest for such Noteholder as Noteholder except in accordance with the provisions of Condition 15(a); or
  - (b) require any payments to be made by the Issuer other than as required by the Restricted Notes. A copy of any notice of charge or creation of security interest as envisaged in this paragraph shall be delivered to the Issuing and Paying Agent and the Issuing and Paying Agent shall not be obliged to take any action in regard to such notice; and
- (ii) such charge or security interest shall in each case provide that on any assignment or transfer of the interest in the Restricted Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 15(a); and
- (iii) the Noteholder promptly notifies the Registrar of any such charge or security interest and the secured party's identity and status by delivering to the Registrar a notification to such effect.

**16. *Transfers of Registered Notes***

**(a) *Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) 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 Notes 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.

**(b) *Regulations***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement and, in the case of Restricted Notes, Condition 15 (*Restricted Notes*). The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

**(c) *Delivery of New Certificates***

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer or Exercise Notice 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 form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(d) *Transfer Free of Charge***

Transfer of Notes and Certificates 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 by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(e) *Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 7(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

**17. *Replacement of Notes, Certificates, Coupons and Talons***

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

**18. *Further Issues***

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

**19. *Notices***

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer's and/or ZIC's website. For so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address [www.six-swiss-exchange.com/news/official\\_notices.html](http://www.six-swiss-exchange.com/news/official_notices.html)) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer and/or ZIC shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication, and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

**20. *Prescription***

Claims in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

**21. *Contracts (Rights of Third Parties) Act 1999***

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**22. *Governing Law***

(a) The Trust Deed (other than the provisions therein relating to the ZIC Senior Guarantee, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Each Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes may be brought in such courts.

- (c) Each Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer or ZIC (where ZIC is not the Issuer) in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) Each Issuer (other than ZF (UK)) has appointed Zurich Insurance plc, UK branch at its registered office for the time being as its agent for service of process in respect of any Proceedings in England and has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (g) Any ZIC Senior Guarantee is governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of a ZIC Senior Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

## 23. Definitions and Interpretation

### (a) General definitions

“**Additional Amounts**” has the meaning given to it in Condition 8 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Australian Tax Act**” means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the context requires;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer and/or ZIC, as applicable;

“**Bank**” has the meaning given to it in Condition 11(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer or ZIC (where ZIC is not the Issuer) to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Clean-Up Event to (and including) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement);

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Event of Default**” has the meaning given to it in Condition 9 (*Events of Default*);

“**Exercise Notice**” has the meaning given to it in Condition 7(d);

“**FATCA Withholding**” has the meaning given to it in Condition 8 (*Taxation*);

“**FINMA**” means the Swiss Financial Market Supervisory Authority FINMA in Switzerland;

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 6(a) and 10(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;



“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Guarantor**” means ZIC in its capacity as guarantor under any ZIC Senior Guarantee;

“**Guidelines**” means, together, the guideline “Interbank Loans” of 22 September 1986 (S-02.123) (*Merkblatt “Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben)” vom 22. September 1986*); the guideline “Bonds” of April 1999 (S 02.122.1) (*Merkblatt “Obligationen” vom April 1999*); the guideline “Syndicated Loans” of January 2000 (S-02.128) (*Merkblatt “Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen” vom Januar 2000*); the circular letter No. 15 (1-015-DVS-2017) of 3 October 2017 in relation to bonds and derivative financial instruments as subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 “Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben” vom 3. Oktober 2017*) and the circular letter “Deposits” of 26 July 2011 (1-034-V-2011) (*Kreisschreiben Kundenguthaben vom 26. Juli 2011*), each as issued, and as amended from time to time, by the Swiss federal tax authorities;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 10(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**Issuer’s Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
  - (i) with a term equal to the relevant Reset Period; and
  - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or
- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency;

- (i) with a term equal to the relevant Reset Period; and
- (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule;

“**Noteholder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Permitted Non-Qualifying Lender**” means, in respect of a Series of Restricted Notes, a person or entity which is not a Qualifying Bank on the date it becomes a Noteholder and:

- (a) is initially a Permitted Non-Qualifying Lender (if any) specified thereon (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with these Conditions); or
- (b) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 15(a)) of all but not some only the Restricted Notes held by such initial Permitted Non-Qualifying Lender, or such subsequent successor thereof (for so long as that successor continues to be a Noteholder in accordance with the Conditions), which:
  - (i) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 15(a), provided that:
    - (A) within ten Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Noteholder:
      - (a) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one person only for purposes of the Non-Bank Rules; and
      - (b) irrespective of whether a request is made in accordance with paragraph (i)(A)(a) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss Federal Tax Administration (at the cost of the existing Permitted Non-Qualifying Lender or the proposed Permitted Non-Qualifying Lender), confirming to the Issuer’s satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one person only for purposes of the Non-Bank Rules; and
    - (B) the Issuer, acting reasonably, shall confirm within ten Business Days of notification of all facts (if a request in accordance with paragraph (i)(A)(a) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (i)(A)(b) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth Business Day after receipt hereof or thereof; and
  - (ii) has, simultaneously with becoming a Noteholder, succeeded the existing Permitted Non-Qualifying Lender as “Permitted Non-Qualifying Lender” under all, but not some only, Restricted Notes of the respective Series, and under any and all other existing or future Series of Restricted Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof);

“**Permitted Non-Qualifying Lenders**” means in respect of a Series of Restricted Notes the number of Permitted Non-Qualifying Lenders specified in the applicable Pricing Supplement;

“**Permitted Reorganisation**” means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Issuer or ZIC (where ZIC is not the Issuer) under which:

- (a) the whole or a substantial part of the business, undertaking and assets of the Issuer or, as the case may be, ZIC are transferred to and all the liabilities and obligations of the Issuer or, as the case may be, ZIC are assumed by the new or surviving entity either:

- (i) automatically by operation of applicable law; or
  - (ii) the new or surviving entity assumes all the obligations of the Issuer or, as the case may be, ZIC, under the terms of the Trust Deed, and the Notes and (as the case may be) the ZIC Senior Guarantee, as fully as if (and to the same extent in terms of ranking in a winding-up) it had been named in the Trust Deed and the Notes and (as the case may be) the ZIC Senior Guarantee, in place of the Issuer or, as the case may be, ZIC; and, in either case,
- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to the same regulation and supervision by the same regulatory authority (if any) as the Issuer or (as the case may be) ZIC was subject immediately prior thereto;

“**Qualifying Bank**” means a person or entity which (a) effectively conducts banking activities with its own infrastructure and staff as its principal business purpose and which has a banking licence in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch and (b) is organised under the laws of a country which is a member of the Organisation for Economic Co-operation and Development (OECD);

“**Qualifying Lender**” means a Noteholder which is a Qualifying Bank or a Permitted Non-Qualifying Lender;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Pricing Supplement;

“**Record Date**” means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

“**Reference Banks**”, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

“**Reference Rate**” means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

“**Register**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Registered Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“**Relevant Debt**” means any present or future indebtedness of the Issuer or any other person in the form of, or represented by, bonds, notes, debentures, loan stock or other securities of such Issuer or such other person which are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter or other securities market;

“**Relevant Jurisdiction**” means (i) Luxembourg and Switzerland, in the case of Notes issued by ZF (Luxembourg); (ii) Switzerland, in the case of Notes issued by ZIC; (iii) the United Kingdom and Switzerland, in the case of Notes issued by ZF (UK); (iv) Australia and Switzerland, in the case of Notes issued by ZF (Australia); and (v) the United States of America and Switzerland, in the case of Notes issued by ZHCA;

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

“**Reset Determination Date**” means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

“**Reset Margin**” means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period;

“**Restricted Notes**” means Notes issued in accordance with Conditions 15(a) and 15(b);

“**Senior ZIC Guarantee**” has the meaning given to it in Condition 5 (*Guarantee*);

“**Single Noteholder**” has the meaning given to it in Condition 12(a);

“**SIX Swiss Exchange**” means SIX Swiss Exchange Ltd;

“**Specified Currency**” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“**Specified Maximum Amount**” means the amount specified as such in the applicable Pricing Supplement;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 6(a) and 10(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Substitute Obligor**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**TARGET System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, (A) the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (Taxation) or (B) if a sum in respect of such payment is claimed under the ZIC Senior Guarantee, ZIC would be required to pay Additional Amounts, in each case (A) and (B) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer (in respect of case (A)) or ZIC (in respect of case (B)) taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change (i) in the case of Notes issued by ZF (UK), be treated as a “distribution” within the meaning of the UK Corporation Tax Act 2010 (as amended, re-enacted or replaced) or (ii) not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of redemption pursuant to Condition 7 (*Redemption, Purchase and Options*) by reason of the events above, the delivery to the Trustee by the Issuer or, where ZIC is not the Issuer, ZIC of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer and/or as applicable, the Guarantor has or will become obliged to pay relevant additional amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Ten Non-Bank Rule**” means the rule that the aggregate number of Noteholders under a Series of Restricted Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines;

“**Transfer**” has the meaning given to it in Condition 15(a);

“**Twenty Non-Bank Rule**” means the rule that the aggregate number of the Issuer’s lenders (including Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debentures (*Kassenobligation*), such as intra-group loans (if and to the extent relevant), facilities and/or private placements (including under Restricted Notes and Notes not classified as a taxable bond (*Anleiheobligation*)) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines; and

“**ZIG**” means Zurich Insurance Group Ltd.

(b) *Interest related definitions*

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt

Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 10(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amount or Clean-Up Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 7 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES

*The following, save for paragraphs in italics, is the text of the terms and conditions that, subject to completion and amendment and as supplemented in accordance with the provisions of Part A of the applicable Pricing Supplement, shall be applicable to the Subordinated Notes and Deeply Subordinated Notes. As set out below, the terms and conditions are presented in the form that would be endorsed, together with the relevant provisions of Part A of the Pricing Supplement, on (A) Bearer Notes in definitive form (if any) issued in exchange for Global Note(s) or (B) in the case of Registered Notes, Certificates, in each case, representing Subordinated Notes or, as the case may be, Deeply Subordinated Notes. Accordingly, references in these terms and conditions to provisions specified in the applicable Pricing Supplement shall be to the provisions set out in the applicable Pricing Supplement. Capitalised terms that are not defined in the Conditions will have the meanings given to them in the applicable Pricing Supplement relating to any Series and/or Tranche of Notes, the absence of any such meaning indicating that such term is not applicable to the Notes of that Series.*

This Note is one of a Series (as defined below) of Notes issued by Zurich Insurance Company Ltd (“**ZIC**” or the “**Issuer**”) constituted by an amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented in relation to that Series of Notes as at the Issue Date of the Notes specified in the applicable Pricing Supplement (the “**Issue Date**”) (the “**Trust Deed**”) between the Issuer, Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

References in the Conditions to “**Notes**” are to the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes of one Series only, not to all Notes that may be issued under the Programme.

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates for Registered Notes, Coupons and Talons referred to below. An Agency Agreement dated 22 May 2018 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between, *inter alios* the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying 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 “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. In the case of Listed Swiss Franc Notes, references herein to the “Agency Agreement” shall also extend to the agreement referred to in Condition 11(g) which supplements the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are deemed to have notice of, and are bound by, all the provisions of the Trust Deed and are deemed to have notice of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes of a Series which are identical in all respects. “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and to form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, first payment of interest and/or issue prices.

Capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 1. Form, Denomination and Title

Whether this Note is in bearer or registered form or whether it is a “Listed Swiss Franc Note” is specified in the applicable Pricing Supplement.

This Note is issued either in bearer form (each a “**Bearer Note**”) or in registered form (each a “**Registered Note**”) in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

Each Bearer Note is serially numbered and is issued with Coupons (and, where appropriate, a Talon) attached.

Each Registered Note is represented by a registered certificate (a “**Certificate**”) and each Certificate shall represent the entire holding of Registered Notes by the same Noteholder.

In these Conditions, “**Noteholder**” and “**holder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and, except as ordered by a court of competent jurisdiction or as required by law, such holder shall be deemed to be and may be treated as the absolute owner of such Note for all purposes.

Any references in these Conditions to Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. Any references to any holder of Notes which are in bearer form shall, unless the context otherwise requires, include any Couponholders.



Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon 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**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

## 2. Listed Swiss Franc Notes

This Note is a Listed Swiss Franc Note if it is denominated or payable in Swiss Francs, is in bearer form, is listed on the SIX Swiss Exchange and it is so specified in the applicable Pricing Supplement.

*Each Tranche of Listed Swiss Franc Notes will be represented exclusively on issue by a Permanent Global SIS Note in bearer form, which will be deposited with SIX SIS AG, Olten, Switzerland (“SIS”), or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange on or prior to the Issue Date of such Series of Notes.*

## 3. Status

Condition 3 is governed by, and shall be construed in accordance with, the laws of Switzerland and is irrevocable.

### (a) Subordinated Notes

*Condition 3(a) applies only to Notes specified as “Subordinated Notes” in the applicable Pricing Supplement.*

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (*Nachlassverfahren*) or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3(a)).

As used in these Conditions, in the case of Subordinated Notes:

“**Junior Instruments**” means:

- (i) all Deeply Subordinated Notes;
- (ii) all securities or other obligations of the Issuer ranking or expressed to rank junior to Subordinated Notes of the Issuer; and
- (iii) all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Subordinated Notes; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Subordinated Notes.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes.

*For the avoidance of doubt, the obligations of ZIC in relation to Subordinated Notes rank:*

- (i) *pari passu with the obligations of ZIC in respect of its €425m 7.5 per cent Subordinated Notes due 2039, its €1,000m 4.25 per cent Subordinated Notes due 2043, its U.S.\$300m 4.25 per cent Subordinated Notes due 2045, its U.S.\$1,000m 5.625 per cent Subordinated Notes due 2046, its €750m 3.5 per cent Subordinated Notes due 2046, its U.S.\$500m 4.875 per cent Subordinated Notes due 2048 and its U.S.\$500m 5.125 per cent Subordinated Notes due 2048 and any future Subordinated Notes issued by ZIC and in respect of its guarantee of the issuance by ZF (UK) of £450m 6.625 per cent Perpetual Subordinated Notes, and any future ZIC Subordinated Guarantee issued by ZIC; and*
- (ii) *senior to the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes, its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes and any future Deeply Subordinated Notes issued by ZIC.*

### (b) Deeply Subordinated Notes

*Condition 3(b) applies only to Notes specified as “Deeply Subordinated Notes” in the applicable Pricing Supplement.*

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligations under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari*

*passu*, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (*Nachlassverfahren*) or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3(b)).

As used in these Conditions, in the case of Deeply Subordinated Notes:

“**Junior Instruments**” means all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Deeply Subordinated Notes; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Deeply Subordinated Notes.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise;
- (iii) all holders of Subordinated Notes and other creditors of the Issuer whose claims rank or are expressed to rank *pari passu* with the claims of the holders of any Subordinated Notes;
- (iv) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Deeply Subordinated Notes.

*For the avoidance of doubt, the obligations of ZIC in relation to Deeply Subordinated Notes rank pari passu with the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes and its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes and any future Deeply Subordinated Notes issued by ZIC.*

*Conditions 3(c) and 3(d) apply to Subordinated Notes and Deeply Subordinated Notes.*

**(c) No Set-off**

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

**(d) No Security**

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person to secure the claims of the Noteholders under the Notes.

**4. Interest and other Calculations**

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Fixed to Floating Rate Note or a combination of the foregoing (and each as further described below and in Condition 10 (*Interest Determination and Payment Dates*)), depending upon the Interest Basis specified in the applicable Pricing Supplement.

**(a) Interest Accrual**

Subject to Condition 5 (*Deferral of Interest Payments*), each type of Note bears interest on its outstanding principal amount, accruing as follows:

- (i) Fixed Rate Note:
  - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest;
- (ii) Fixed Rate Reset Note:
  - (x) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
  - (y) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
  - (z) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest;

(iii) Floating Rate Note:

from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 10(b);

(iv) Fixed to Floating Rate Note:

(x) from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest; and

(y) from (and including) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 10(b).

Each Note will cease to bear interest from the date for its redemption unless, upon due presentation or surrender thereof, payment of principal is improperly withheld or refused and in such event, interest will continue to accrue as provided in the Trust Deed.

If any Margin is specified in the applicable Pricing Supplement (either (A) generally or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 10(b) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to Condition 10(c).

Such interest shall be payable in arrear on each Interest Payment Date specified in the applicable Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 4(b).

**(b) Calculations**

Interest is calculated on each Note by reference to the Calculation Amount specified in the applicable Pricing Supplement. The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for calculating such amount) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises more than one Interest Accrual Period, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified in the applicable Pricing Supplement.

**(c) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price and Special Event Redemption Price**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount:

(i) obtain any quotation or make any determination or calculation;

(ii) determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period;

(iii) calculate the Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price (as may be provided for in the applicable Pricing Supplement);

(iv) obtain such quotation or make such determination or calculation, as the case may be, and;

(v) cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price, to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (x) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (y) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 10(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee in accordance with these Conditions by way of adjustment) without notice or consent of the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes are not redeemed when due in accordance with Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*), the

accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made, unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

## 5. Deferral of Interest Payments

### (a) *No default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 (*Deferral of Interest Payments*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

*It is possible that an Optional Interest Payment Date with respect to Deeply Subordinated Notes may not also constitute an Optional Interest Payment Date with respect to Subordinated Notes, given the relative ranking of these instruments. As a result, payments of interest and settlement of Arrears of Interest may become mandatory on Subordinated Notes without also becoming mandatory on Deeply Subordinated Notes.*

### (b) *Optional Deferral of Interest*

If so specified in the applicable Pricing Supplement, the Issuer shall have the option to defer any Interest Payment which would otherwise be payable on any Optional Interest Payment Date in whole but not in part.

If so specified in the applicable Pricing Supplement (but not otherwise), notwithstanding the other provisions of this Condition 5(b) but without prejudice to Condition 5(c), if as at any Optional Interest Payment Date the Relevant Regulator no longer accords any regulatory capital credit to the Notes under the Applicable Regulations, the Issuer will be allowed to exercise its option under this Condition 5(b) to defer the relevant Interest Payment on such Optional Interest Payment Date for a period not exceeding five years (a “**Fixed Term Deferred Interest Payment**”).

### (c) *Solvency Deferral of Interest*

On any Solvency Interest Deferral Date, the Issuer shall defer in whole any Interest Payment which would otherwise be payable.

### (d) *Notice of Deferral*

The Issuer shall notify the Trustee, the Issuing and Paying Agent and the Noteholders in writing in accordance with Condition 19 (*Notices*):

- (i) not less than 10 Business Days prior to an Interest Payment Date if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(b); and
- (ii) as soon as reasonably practicable if a Solvency Event has occurred and is continuing or if a Solvency Event would occur on the relevant Interest Payment Date if payment of interest were made, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 5(d)(ii), the Issuer shall also procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

### (e) *Arrears of Interest*

(i) *Arrears of Interest*: Any Interest Payment not paid on an Interest Payment Date, together with any other interest on the Notes not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 5 (*Deferral of Interest Payments*), shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.

(ii) *Conditions to Settlement of Arrears of Interest*: Other than in the circumstances described in Condition 9(c), Arrears of Interest arising pursuant to Condition 5(b) or 5(c) and, for the avoidance of doubt, mandatory payments pursuant to Condition 5(e)(iv), are only due and payable provided that no Solvency Event either (A) has occurred and is continuing on the date such payment would otherwise fall due or (B) would occur as a result of such payment and (C) in either case, the Issuer has obtained the prior written consent therefor of the Relevant Regulator to the extent required at the time, in accordance with Applicable Regulations in order for the Notes to qualify as Relevant Capital.

(iii) *Optional Settlement of Arrears of Interest*: Any Arrears of Interest may be paid at the option of the Issuer in whole or in part, at any time upon the expiry of not less than 15 nor more than 30 days’ notice to such effect given by the Issuer to the Trustee and to the Noteholders in accordance with Condition 19 (*Notices*), subject to Condition 5(e)(ii). On or prior to the delivery of any notice pursuant to this Condition 5(e)(iii), the Issuer shall procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

(iv) *Mandatory Settlement of Arrears of Interest*: Subject to Condition 5(e)(ii), Arrears of Interest will, save as otherwise specified in the applicable Pricing Supplement, automatically become immediately due and payable upon the earliest of the following dates:

- (A) the date upon which a dividend is next declared or paid on, or the date of any repurchase or acquisition of, any class of share capital of ZIG (other than an Excepted Event); or
- (B) the date of redemption of any Notes pursuant to Condition 6(b), Condition 6(d), Condition 6(e) or Condition 6(f); or
- (C) the commencement of the winding-up or dissolution of the Issuer (except for the purposes of or pursuant to and followed by an Approved Liquidation); or
- (D) the date upon which the Issuer pays interest on or makes a distribution or other payment (including payment for the purpose of a redemption or repurchase) in relation to any other junior or *pari passu* securities of the Issuer (unless such payment is (i) required to be made pursuant to the terms of such securities or required due to the repayment of the relevant securities or (ii) an Excepted Event); or
- (E) in the case of a Fixed Term Deferred Interest Payment only, the fifth anniversary of the Optional Interest Payment Date on which such payment was deferred; or
- (F) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 5(b) or 5(c).

## **6. Redemption, Substitution or Variation, Purchase and Options**

### **(a) No Redemption at the Option of Noteholders**

Noteholders have no right to claim for an early redemption of the Notes

### **(b) Redemption at Maturity**

(i) *Maturity Date*: Each Note with a Maturity Date specified in the applicable Pricing Supplement will, subject as provided in Condition 6(b)(ii) below, be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date unless previously redeemed or purchased and cancelled as provided below.

(ii) *Maturity extension upon Solvency Event*: If a Solvency Event has occurred and is continuing on the Maturity Date, or would occur as a result of the redemption of the relevant Notes, the Notes shall not be redeemed on the Maturity Date but will be redeemed by the Issuer promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of not more than 30 nor less than 15 days' notice of such cessation by the Issuer to the Trustee and to Noteholders in accordance with Condition 19 (*Notices*). In this circumstance, references herein to "**Maturity Date**" shall be construed accordingly to refer to such later date of redemption and, for the avoidance of doubt, interest shall continue to accrue (without compounding) as provided in Condition 4(a) on any such Note until such later date of redemption.

On or prior to the delivery of any notice pursuant to this Condition 6(b)(ii), the Issuer shall also procure the delivery of a Solvency Event Certificate to the Trustee.

### **(c) Conditions to Redemption, Substitution, Variation or Purchase**

Any redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 6(b)), substitution, variation of the Conditions or purchase, of the Notes is subject to the following conditions:

- (i) the Issuer having obtained the prior written consent therefor of the Relevant Regulator;
- (ii) no Solvency Event having occurred or is continuing and such redemption, substitution, variation or purchase would not itself cause a Solvency Event; and
- (iii) in the case of a redemption or purchase that is within five years of the Issue Date of the first Tranche of the Notes, such redemption or purchase is, to the extent then required by the Relevant Regulator in order for the Notes to qualify as at least Future Tier Two Capital under any Future Regulations, funded out of the proceeds of a new issuance of capital instruments of at least the same quality as the Notes.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) (other than a notice of redemption pursuant to Condition 6(d)), the Issuer shall deliver to the Trustee a Conditions Precedent Certificate.

The Issuer shall give not less than 30 nor more than 60 days' prior notice of any substitution, variation or redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 6(b)) pursuant to this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall, subject to this Condition 6(c), be irrevocable). Upon expiry of such notice, the Issuer shall (subject to this Condition 6(c)) substitute, vary or, as appropriate, redeem the Notes.

**(d) *Redemption at the Option of the Issuer***

If Call Option is specified in the applicable Pricing Supplement as being applicable, the Issuer may, at its option, subject to Condition 6(c), redeem all, but not some only, of the Notes on any Optional Redemption Date specified in the applicable Pricing Supplement. Any such redemption of Notes shall be at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

**(e) *Redemption Due to Taxation***

If, prior to the giving of the relevant notice of redemption a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 6(c), redeem the Notes in accordance with these Conditions.

Such redemption may be at any time (if and for so long as this Note is not a Floating Rate Note) or on any Interest Payment Date (if and for so long as this Note is a Floating Rate Note).

The Issuer may redeem all, but not some only, of the Notes at their principal amount, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest, provided that no notice of redemption shall be given pursuant to limb (a) in the definition of Tax Event earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay Additional Amounts were a payment in respect of the Notes then due.

**(f) *Redemption Due to a Special Event or Clean-Up Event***

If Accounting Event Call, Rating Agency Event Call, Regulatory Event Call or Clean-Up Event Call is/are specified in the applicable Pricing Supplement as being applicable, the following provisions shall apply.

If one or more of such events occurs and within the Early Event Call Period, the Issuer gives a notice of redemption and if the relevant event is continuing on the date of such notice, then the Issuer may, subject to Condition 6(c) and as further provided below, redeem in accordance with these Conditions all, but not some only, of the Notes.

Such redemption may be at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date.

The Issuer shall not have the right to redeem the Notes following an Accounting Event, Clean-Up Event and/or a Rating Agency Event if such right of redemption would cause a Regulatory Event. The Notes will be redeemed at the Special Event Redemption Price or, as appropriate, Clean-Up Redemption Price specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

**(g) *Substitution or Variation***

If a Tax Event or any Special Event specified in the applicable Pricing Supplement as being applicable occurs and is continuing, then the Issuer may, subject to Condition 6(c) and as provided below (without any requirement for the consent or approval of the Noteholders), (i) substitute at any time all (and not some only) of the Notes for, or (ii) vary the terms of the Notes so that they become, in each case, Qualifying Securities. The Trustee shall (subject to the following provisions of this Condition 6(g)) agree to such substitution or variation.

The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's sole opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

In addition to the requirements of Condition 6(c), any substitution or variation is subject to:

- (i) the substitution or variation not itself giving rise to a deterioration in any solicited rating of the Notes in effect at such time as confirmed in writing by the Rating Agency/ies; and
- (ii) the substitution or variation not triggering any right on the part of the Issuer to redeem the Notes.

In connection with any substitution or variation in accordance with this Condition 6(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(h) *Purchases***

Subject to Condition 6(c) (and in the case of Restricted Notes, subject to Condition 15(b)), the Issuer, ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) for the time being may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price.

(i) **Cancellation**

All Notes purchased in accordance with Condition 6(h) by or on behalf of the Issuer, ZIG or any of their respective Subsidiaries may (at the option of the Issuer, ZIG or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) **Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance within this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) has happened or exists and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*), it shall be entitled to assume that no such event or circumstance exists.

**7. Taxation**

(a) **Notes other than Restricted Notes**

All payments made by or on behalf of the Issuer in respect of Notes other than Restricted Notes will be made subject to and after deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Switzerland or any political subdivision or any authority thereof or therein having power to tax required to be made by law. The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.

(b) **Restricted Notes**

All payments of principal and interest by or on behalf of the Issuer in respect of Restricted Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision thereof or any authority therein or thereof having power to tax unless such withholding or deduction is required by law and/or by agreement of the Issuer. If the Issuer or any person acting on its behalf is required by law to make any such withholding or deduction, the Issuer will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of such Notes, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any such Note:

- (i) presented for payment by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of that Note by reason of it having some connection with Switzerland other than the mere holding of the Notes;
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to payment of an Additional Amount if it had presented its Note for payment on the 30th day after the Relevant Date, on the assumption, if such is not the case, that such last day is a Business Day;
- (iii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;
- (iv) if the payment could have been made to the relevant Noteholder without such withholding or deduction if it were a Qualifying Lender, but on that date that Noteholder is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Noteholder under these Conditions in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority;
- (v) if the payment could have been made without such withholding or deduction if the Noteholders had complied with Conditions 15(a) and 15(b) (if Condition 15(a) is specified in the applicable Pricing Supplement to apply); or
- (vi) any combination of items (i) to (v) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on Restricted Notes by or on behalf of ZIC will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither ZIC nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## 8. Principal Loss Absorption

### (a) Write-Down Event

This Condition 8 (*Principal Loss Absorption*) shall only apply if Write-Down Event is specified in the applicable Pricing Supplement as being applicable.

Notwithstanding any other provisions contained herein:

- (i) limb (e) of the definition of “Qualifying Securities” shall be deemed to be deleted in its entirety and replaced with the following: “(e) which contain terms providing for loss absorption through principal write-down that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities);” and
- (ii) any substitution or variation otherwise in accordance with Condition 6(g) will be subject to such substitution or variation not itself giving rise to a Write-Down Event and/or triggering a Write-Down of the Notes pursuant to this Condition 8 (*Principal Loss Absorption*) and no Write-Down Event having otherwise occurred.

Notwithstanding any other provisions contained herein, if a Write-Down Event occurs:

- (i) the claims of any Noteholder in respect of, or arising under, the relevant Notes pursuant to Condition 3(a) in respect of Subordinated Notes and Condition 3(b) in respect of Deeply Subordinated Notes will be subject to, and superseded by, the provisions of this Condition 8 (*Principal Loss Absorption*);
- (ii) each Note will cease to bear interest from the Write-Down Date (if any), but without prejudice to any cancellation of such interest in accordance with this Condition 8 (*Principal Loss Absorption*); and
- (iii) any redemption pursuant to Condition 6(b) or notice of redemption pursuant to Conditions 6(d), 6(e) and 6(f) shall be subject to the provisions of this Condition 8 (*Principal Loss Absorption*).

### (b) Notice of a Write-Down Event

If a Write-Down Event occurs at any time, the Issuer shall, as soon as reasonably practicable, notify the Relevant Regulator and shall, by no later than the seventh calendar day following the occurrence of the Write-Down Event:

- (i) give notice (a “**Write-Down Notice**”) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders specifying (x) that a Write-Down Event has occurred and that a Write-Down of the Notes will take place, (y) the date on which the Write-Down Event occurred, and (z) the Write-Down Date; and
- (ii) deliver to the Trustee and the Issuing and Paying Agent a certificate (the “**Write-Down Certificate**”) signed by two Authorised Officers of the Issuer, stating that a Write-Down Event has occurred and giving details thereof.

The occurrence of a Write-Down Event in accordance with this Condition 8 (*Principal Loss Absorption*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

### (c) Write-Down of the Notes

If the Issuer has validly given the Write-Down Notice and Write-Down Certificate in accordance with Condition 8(b), then on the Write-Down Date the full principal amount of each Note and all accrued but unpaid interest (including any Arrears of Interest) thereon will automatically and permanently be reduced to zero (a “**Write-Down**”, and “**Written-Down**” shall be construed accordingly) and the Notes will be cancelled.

Accordingly, as of the Write-Down Date, Noteholders shall not have any rights against the Issuer with respect to: (i) repayment of the principal amount of the Notes or any part thereof, or (ii) the payment of any other amounts arising under or in connection with the Notes.

Once the principal amount of a Note has been Written-Down, it will not be restored under any circumstances, including where the relevant Write-Down Event ceases to continue.

If the Issuer has elected to redeem the Notes pursuant to Condition 6(d), 6(e) or 6(f), but prior to the scheduled redemption date a Write-Down Event occurs, the Notes will not be redeemed but instead will be Written-Down.

## 9. Remedies

### (a) Right to claim for amounts due; no acceleration right

If the Issuer fails to make any payment of principal or interest on the Notes when due, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Issuer in respect of such unpaid principal or interest provided that the Trustee and the Noteholders have no right to claim or enforce an early redemption of the Notes or institute proceedings for the winding up of the Issuer.



**(b) *No institution of winding-up proceedings***

The Trustee may at its discretion (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) participate in, but not itself institute, any proceedings for the winding-up of the Issuer to enforce the obligations of the Issuer for payment of any principal or interest (including any Arrears of Interest) in respect of the Notes.

In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) with respect to the Issuer or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Notes.

**(c) *Claims in a winding-up or dissolution***

If, except for the purposes of or pursuant to and followed by an Approved Liquidation, a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved (any such resolution or order, a "**Liquidation Ruling**") the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are immediately due and repayable at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).

No payment in respect of the Notes may be made by the Issuer pursuant to this Condition 9(c), nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.

**(d) *No right to take action directly against the Issuer***

No Noteholder or Couponholder shall be entitled to take any action directly against the Issuer in respect of the Notes unless the Trustee, having become Noteholder Mandated to take such action, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Issuer as those which the Trustee is entitled to exercise.

**(e) *Extent of remedy for non-payment***

No remedy against the Issuer, other than as referred to in this Condition 9 (*Remedies*), shall be available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed.

**10. Interest Determination and Payment Dates**

**(a) *Fixed Rate Reset Notes - Fallbacks***

If Mid-Swap Rate is specified in the applicable Pricing Supplement and on any Reset Determination Date the Reset Rate Screen Page is not available or the Mid-Swap Rate does not appear on the Reset Rate Screen Page (other than in the circumstances provided for in Condition 10(e)), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the Reset Margin, all as determined by the Calculation Agent.

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the Reset Margin, all as determined by the Calculation Agent. If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 10(a), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

**(b) *Floating Rate Notes and Fixed to Floating Rate Notes***

**(i) *Interest Payment Dates***

Interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified in the applicable Pricing Supplement in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(b). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 10(e), be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) or on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Linear Interpolation*

Where Linear Interpolation is specified in the applicable Pricing Supplement as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Pricing Supplement as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Pricing Supplement as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(c) ***Maximum Rate of Interest and Final Redemption Amount and Rounding***

- (i) If any Maximum Rate of Interest or Final Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest or any calculated Interest Amount or Final Redemption Amount shall be subject to such maximum.
- (ii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(d) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) and the required number of Reference Banks if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). The Issuer may, with the prior written approval of the Trustee (not to be unreasonably withheld), from time to time replace any Reference Bank with another leading investment, merchant or commercial bank or financial institution. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price, as the case may be, or to comply with any other requirement of it hereunder, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or

determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(e) **Benchmark discontinuation**

Notwithstanding the provisions in Condition 10(a) and 10(b), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 10(e) shall apply.

(i) **Independent Adviser**

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 10(e)(ii) and, in either case, an Adjustment Spread if any (in accordance with Condition 10(e)(iii)) and any Benchmark Amendments (in accordance with Condition 10(e)).

An Independent Adviser appointed pursuant to this Condition 10(e) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 10(e).

(ii) **Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- A. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 10(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 10(e)); or
- B. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 10(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 10(e)).

(iii) **Adjustment Spread**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 10(e) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 10(e)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Officers of the Issuer pursuant to Condition 10(e)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 10(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 10(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Relevant Capital.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 10(e) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 19, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 10(e); and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 10(e) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 10(a) and 10(b) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 10(e)(v).

(vii) *Definitions:*

As used in this Condition 10(e):

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (iv) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (v) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (vi) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 10(e)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 10(e)(iv).

“**Benchmark Event**” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

- (4) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (5) it has become unlawful for any Paying Agent, Calculation Agent the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 10(e)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any relevant component part(s) thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (iii) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (iv) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 11. Payments

### (a) *Appointment of Agents*

The Issuing and Paying 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. Subject as provided in the Agency Agreement, the Issuing and Paying 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 Noteholder. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in Continental Europe, and (vi) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and Transfer Agent (in relation to Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 11(d).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

Notwithstanding the foregoing, the Issuer will in respect of any Listed Swiss Franc Notes at all times maintain a Principal Swiss Paying Agent having a specified office in Switzerland and will at no time maintain a Paying Agent having a specified office outside Switzerland, unless permitted by applicable law.

### (b) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons (in the case of interest, save as specified in Condition 11(h)(i)), as the case may be, at the specified office of any Paying Agent outside the U.S. (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System or, in the case of New Zealand dollars, shall be Auckland.

### (c) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the Record Date. Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant

currency maintained by the payee with a Bank the details of which are given to the Registrar or any Transfer Agent before the Record Date.

**(d) *Payments in the U.S.***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(e) *Payments subject to Fiscal Laws***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents) and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

**(f) *Non-Business Days***

If any date for payment in respect of any Note is not a Business Day, the Noteholder 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 business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the applicable Pricing Supplement 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) which is a TARGET Business Day.

**(g) *Payments on Listed Swiss Franc Notes***

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

**(h) *Special Provisions relating to Coupons and Talons***

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unmatured Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unmatured Coupons or any unexchanged Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

**12. Meetings of Noteholders, Modification and Waiver**

**(a) *Single Noteholder***

In relation to any Series of Restricted Notes held by a Single Noteholder, the meeting, quorum and voting provisions of Condition 12(b) and the modification provisions of Condition 12(c) shall not apply. Instead, only those amendments, waivers or variations of the Notes or the Trust Deed agreed in writing by the Single Noteholder and the parties to the Trust Deed will be made.

A “**Single Noteholder**” means a sole Noteholder, who has certified to the Trustee (in a manner and form satisfactory to the Trustee) that it is the sole Noteholder of the Notes of that Series and is not holding such Notes as a depositary for, or nominee of, Euroclear or Clearstream.

(b) **Meetings of Noteholders**

- (i) The provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Listed Swiss Franc Notes and other Notes issued by way of a public offering within the meaning of Article 1157 of the Swiss Code of Obligations.
- (ii) In relation to any Notes other than those falling within Condition 12(a) or Condition 12(b)(i), the Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes 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 Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Optional Redemption Amount, the Clean-Up Redemption Price, or the Special Event Redemption Price, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Conditions 3 (*Status*), 5 (*Deferral of Interest Payments*) or 6 (*Redemption, Substitution or Variation, Purchase and Options*), in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6(g) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6(g). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 10(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(c) **Modification of the Trust Deed or Agency Agreement**

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

**13. Issuer Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 13 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner



satisfactory to the Trustee in terms corresponding to the terms of Condition 7 (*Taxation*) with the substitution for the references in that Condition to the Issuer's Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;

- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (on a subordinated basis equivalent to that referred to in Condition 3(a) in the case of Subordinated Notes, or Condition 3(b), in the case of Deeply Subordinated Notes) in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor.

In connection with any such substitution in accordance with this Condition 13 (*Issuer Substitution*), references in the definition "Tax Law Change" to Switzerland shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 7 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words "becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series" in the definition "Tax Law Change" shall be replaced with the words "becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 7 (*Taxation*) was given pursuant to the Trust Deed").

Any substitution pursuant to this Condition 13 (*Issuer Substitution*) shall be, if so required, subject to notification thereof to, and consent therefor from, the Relevant Regulator. Any such agreement by the Trustee pursuant to this Condition 13 (*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

#### **14. The Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in Condition 12 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any Solvency Payment Deferral Certificate, Solvency Event Certificate, Conditions Precedent Certificate, Write Down Certificate and any other opinion, certificate or written confirmation as contemplated in the definition of, as appropriate, Accounting Event, Clean-Up Event or Tax Event or otherwise given pursuant to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

Neither the Trustee nor the Agents shall have any responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment, cancellation or reduction of principal, interest or other amounts or any claims in respect thereof by reason of the occurrence of a Write-Down Event (if applicable).

For the avoidance of doubt, notwithstanding the occurrence of a Write-Down Event (if applicable), nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

#### **15. Restricted Notes**

##### **(a) Restrictions on Transfer of Restricted Notes**

(i) If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(a) shall apply and the Restricted Notes will be issued as Registered Notes and may only be assigned or transferred, including upon an enforcement of a security (a "Transfer" and "Transferred" shall be construed accordingly):

- (a) in whole or in part, if the Transfer is to a Qualifying Bank; or

- (b) in whole, but not in part (except for parts of Restricted Notes held by Qualifying Banks at the time), if the Transfer is to a Permitted Non-Qualifying Lender,

provided that no Transfer under this Condition 15(a) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.

The Restricted Notes will bear a legend setting out the applicable transfer restrictions provided for in this Condition 15(a).

- (ii) A Noteholder may at any time require that the Issuer replaces such Noteholder's Certificate(s) representing the Restricted Notes with Certificates in minimum denominations equal to the Restricted Note Minimum Denomination Amount specified in the applicable Pricing Supplement.
- (iii) Restricted Notes may only be Transferred in amounts equal to the Restricted Note Transfer Amount specified in the applicable Pricing Supplement.
- (iv) Any Transfer of a Restricted Note shall be recorded by the Registrar in the Register on production of:
  - (a) the relevant Certificate representing the Restricted Note and certification delivered to the Registrar by the transferee to the effect that it is either a Qualifying Bank or a Permitted Non-Qualifying Lender; and
  - (b) such other evidence as the Issuer may require.

Any Transfer of a Restricted Note shall only be effective and shall only be recorded by the Registrar in the Register if such Restricted Note is transferred in accordance with this Condition 15(a).

- (v) Subject to this Condition 15(a), no Noteholder shall at any time enter into any arrangement with another person under which such Noteholder transfers all or part of its interest in the Restricted Notes to that other person, unless under such arrangement throughout the life of such arrangement:
  - (a) the relationship between the Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of that Noteholder or the Issuer);
  - (b) the other person will have no proprietary interest in the benefit of the Restricted Notes or in any monies received by the Noteholder under or in relation to the Restricted Notes held by that Noteholder; and
  - (c) the other person will under no circumstances (other than by way of permitted Transfer under this Condition 15(a)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Restricted Notes and otherwise have a contractual relationship with, or rights against, the Issuer under or in relation to, the Restricted Notes.

The granting of security in accordance with Condition 15(b) is deemed not to constitute a Transfer of an interest under the Restricted Notes for the purposes of this Condition 15(a).

- (vi) For so long as Restricted Notes are outstanding, the Issuer will ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this undertaking if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set out in this Condition 15(a) or in Condition 15(b).

**(b) Grants of Security**

If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(b) shall apply. Any Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Restricted Notes to secure obligations of such Noteholder; provided that:

- (i) no such charge or creation of a security interest shall:
  - (a) substitute any such chargee or holder of the benefit of such security interest for such Noteholder as Noteholder except in accordance with the provisions of Condition 15(a); or
  - (b) require any payments to be made by the Issuer other than as required by the Restricted Notes. A copy of any notice of charge or creation of security interest as envisaged in this paragraph shall be delivered to the Issuing and Paying Agent and the Issuing and Paying Agent shall not be obliged to take any action in regard to such notice; and
- (ii) such charge or security interest shall in each case provide that on any assignment or transfer of the interest in the Restricted Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 15(a); and
- (iii) the Noteholder promptly notifies the Registrar of any such charge or security interest and the secured party's identity and status by delivering to the Registrar a notification to such effect.

## **16. Transfers of Registered Notes**

### **(a) Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) 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 Notes 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.

### **(b) Regulations**

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement and, in the case of Restricted Notes, Condition 15 (*Restricted Notes*). The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### **(c) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer 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 form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

### **(d) Transfer Free of Charge**

Transfer of Notes and Certificates 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 by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

### **(e) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date or (v) during the period following delivery of a notice of payment of Arrears of Interest in accordance with Condition 5 (*Deferral of Payments*) and Condition 19 (*Notices*) and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

## **17. Replacement of Notes, Certificates, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **18. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **19. Notices**

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer’s website; for so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address [www.six-swiss-exchange.com/news/official\\_notices.html](http://www.six-swiss-exchange.com/news/official_notices.html)) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the Financial Times) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

## 20. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 22. Governing Law

- (a) The Trust Deed (other than the provisions therein relating to subordination, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes (other than Condition 3, which shall be governed by, and construed in accordance with, the laws of Switzerland) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) The Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes may be brought in such courts.
- (c) The Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any court referred to in paragraph (b) above or paragraph (d) below or that any such court is an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) The Issuer has appointed Zurich Insurance plc, UK branch at its registered office for the time being as its agent for service of process in respect of any Proceedings in England and has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.

## 23. Definitions and Interpretation

### (a) General definitions

“**Accounting Event**” means that an opinion of a recognised accounting firm has been delivered to the Issuer or ZIG, stating that obligations of the Issuer in respect of the Notes must not, or must no longer be, recorded under the Initial Accounting Treatment Methodology specified in the applicable Pricing Supplement (either “liabilities” or “equity”), (being the presentation of the Notes under IFRS as at the Issue Date) on the balance sheet of ZIG published in its annual consolidated financial statements pursuant to IFRS and this cannot be avoided by the Issuer or, as the case may be, ZIG taking such reasonable measures as the Issuer or ZIG (acting in good faith) deems appropriate and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 6 (Redemption, Substitution or Variation, Purchase and Options) by reason of such event, the delivery by the Issuer to the Trustee of such opinion;

“**Additional Amounts**” has the meaning given to it in Condition 7 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Applicable Regulations**” means, at any time, the solvency margin, regulatory capital requirements or capital adequacy regulations applicable to the Issuer and/or the Zurich Insurance Group at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency and/or financial conglomerate purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of the Relevant Regulator and shall include, once introduced and so long as applicable, any Future Regulations;

“**Approved Liquidation**” means a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of the Issuer, the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders;

“**Arrears of Interest**” has the meaning given to it in Condition 5 (*Deferral of Payments*);

“**Assets**” means, in relation to ZIC, ZIC’s consolidated total assets and, in relation to the Zurich Insurance Group, ZIG’s consolidated total assets, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer and/or ZIG, as applicable;

“**Bank**” has the meaning given to it in Condition 11(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Conditions Precedent Certificate**” means a certificate signed by two Authorised Officers of the Issuer stating that (x) the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary, including the conditions set out in Condition 6(c), are satisfied and (y) in the case of a substitution or variation, that the terms of the relevant Qualifying Securities comply with the definition thereof in Condition 23 (*Definitions and Interpretations*);

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Special Event or Clean-Up Event, as applicable, to (and including) the date which is the later of (i) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement) and (ii) having sought such consent within such period, the date on which written consent of the Relevant Regulator is obtained for the giving of such notice and redemption;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Excepted Event**” means one or more of the following events:

- (a) repurchases, redemptions or other acquisitions of ZIG’s ordinary shares in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of one or more employees, officers, directors or consultants, in connection with a dividend reinvestment or shareholder stock purchase plan or in connection with the issuance of ZIG’s ordinary shares (or securities convertible into or exercisable for ZIG’s ordinary shares) as consideration in an acquisition transaction entered into prior to the applicable deferral period;
- (b) as a result of any exchange or conversion of any class or series of ZIG’s ordinary shares (or any capital stock of any of its subsidiaries) for any class or series of common stock or of any class or series of its indebtedness (or for the indebtedness of any of its subsidiaries);
- (c) the aggregate amount of Junior and Pari Passu Payments during the six month period ending on the relevant Interest Payment Date does not exceed US\$10,000,000 (or its equivalent);
- (d) any declaration of a dividend in connection with any shareholders’ rights plan, or the issuance of rights, stock or other property under any shareholders’ rights plan, or the redemption or repurchase of rights pursuant thereto;

- (e) any dividend or distribution in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock; or
- (f) payments of interest on any Notes and any other obligations which rank *pari passu* with:
  - (i) if this is a Subordinated Note, the Subordinated Notes; or
  - (ii) if this is a Deeply Subordinated Note, the Deeply Subordinated Notes,in each case, rateably and in proportion to the respective amounts as at such Interest Payment Date of (y) accrued and unpaid interest on such other obligations, on the one hand, and (z) if applicable, Arrears of Interest and any other accrued and unpaid interest on the Notes, on the other hand;

“**FATCA Withholding**” has the meaning given to it in Condition 11(e);

“**FINMA**” means the Swiss Financial Market Supervisory Authority FINMA in Switzerland;

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 4(a) and 10(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Fixed Term Deferred Interest Payment**” has the meaning given to it in Condition 5(b);

“**Future Regulations**” means the solvency margin, regulatory capital or capital adequacy regulations (if any) which may be introduced in Switzerland (or if ZIC and/or ZIG becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or Zurich Insurance Group, which would set out the requirements to be satisfied by financial instruments in order that they be eligible to be included in Tier Two (or equivalent) own funds regulatory capital (“**Future Tier Two Capital**”);

“**Guidelines**” means, together, the guideline “Interbank Loans” of 22 September 1986 (S-02.123) (*Merkblatt “Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben)” vom 22. September 1986*); the guideline “Bonds” of April 1999 (S 02.122.1) (*Merkblatt “Obligationen” vom April 1999*); the guideline “Syndicated Loans” of January 2000 (S-02.128) (*Merkblatt “Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen” vom January 2000*); the circular letter No. 15 (1-015-DVS-2017) of 3 October 2017 in relation to bonds and derivative financial instruments as subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 “Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben” vom 3 Oktober 2017*) and the circular letter “Deposits” of 26 July 2011 (1-034-V-2011) (*Kreisschreiben Kundenguthaben vom 26. Juli 2011*), each as issued, and as amended from time to time, by the Swiss federal tax authorities;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 10(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**ISO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended;

“**Junior and Pari Passu Payments**” has the meaning given to it in the definition of “Optional Interest Payment Date”;

“**Junior Instruments**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Liabilities**” means, in relation to ZIC, ZIC’s consolidated total liabilities and, in relation to the Zurich Insurance Group, ZIG’s consolidated total liabilities, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Liquidation Ruling**” has the meaning given to it in Clause 9(c);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
  - (i) with a term equal to the relevant Reset Period; and
  - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or
- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (i) with a term equal to the relevant Reset Period; and
  - (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule;

“**Noteholder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon (a) no dividend has been declared or paid on any class of share capital of ZIG; (b) no repurchase or acquisition of any class of share capital of ZIG has been made; and (c) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (i) on any securities issued (or guaranteed) by ZIC and the claims in respect of such securities (or, as applicable, guarantee) rank junior to, or *pari passu* with, the claims of holders of the Subordinated Notes, if this is a Subordinated Note, or Deeply Subordinated Notes, if this is a Deeply Subordinated Note; or (ii) on any securities issued or guaranteed by ZIG (any such payments in (a), (b) and (c) together, “**Junior and Pari Passu Payments**”) (provided at the relevant time the existence of this requirement (c) does not cause a Regulatory Event); (unless, in each case, such payment was (i) required to be made pursuant to the terms of such securities or required due to the repayment of such securities or (ii) an Excepted Event);

“**Pari Passu Instruments**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Permitted Non-Qualifying Lender**” means, in respect of a Series of Restricted Notes, a person or entity which is not a Qualifying Bank on the date it becomes a Noteholder and:

- (a) is initially a Permitted Non-Qualifying Lender (if any) specified thereon (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with these Conditions); or
- (b) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 15(a)) of all but not some only the Restricted Notes held by such initial Permitted Non-Qualifying Lender, or such subsequent successor thereof (for so long as that successor continues to be a Noteholder in accordance with the Conditions), which:
  - (i) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 15(a)), provided that:
    - (A) within ten Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Noteholder:
      - (a) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one person only for purposes of the Non-Bank Rules; and
      - (b) irrespective of whether a request is made in accordance with paragraph (i)(A)(a) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss Federal Tax Administration (at the cost of the existing Permitted Non-Qualifying Lender or the proposed Permitted Non-Qualifying Lender), confirming to the Issuer's satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one person only for purposes of the Non-Bank Rules; and
    - (B) the Issuer, acting reasonably, shall confirm within ten Business Days of notification of all facts (if a request in accordance with paragraph (i)(A)(a) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (i)(A)(b) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth Business Day after receipt hereof or thereof; and
  - (ii) has, simultaneously with becoming a Noteholder, succeeded the existing Permitted Non-Qualifying Lender as "Permitted Non-Qualifying Lender" under all, but not some only, Restricted Notes of the respective Series, and under any and all other existing or future Series of Restricted Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof);

**"Permitted Non-Qualifying Lenders"** means in respect of a Series of Restricted Notes the number of Permitted Non-Qualifying Lenders specified in the applicable Pricing Supplement;

**"Qualifying Bank"** means a person or entity which (a) effectively conducts banking activities with its own infrastructure and staff as its principal business purpose and which has a banking licence in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch and (b) is organised under the laws of a country which is a member of the Organisation for Economic Co-operation and Development (OECD);

**"Qualifying Lender"** means a Noteholder which is a Qualifying Bank or a Permitted Non-Qualifying Lender;

**"Qualifying Securities"** means securities:

- (a) having terms (including terms providing for deferral of payment of interest and/or principal and which preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any other amounts which have not been paid) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (b) issued by the Issuer or issued by another member of the Zurich Insurance Group with a guarantee by the Issuer such that investors have the same material rights and claims as provided by the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (c) ranking at least equal to the Notes and featuring the same principal amount, interest rate (including applicable margins and step-up), Interest Payment Dates and Optional Redemption Dates as the Notes; and
- (d) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of and amounts payable on, such redemption; and



- (e) which do not contain any terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (f) listed on an internationally recognised stock exchange, if the Notes were listed prior to such substitution or variation; and
- (g) in the case of a substitution or variation as a result of a Rating Agency Event, which are assigned substantially the same equity content, or at the absolute discretion of the Issuer a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Agency Event), than was assigned by the Rating Agency/ies to the Notes on or around the Issue Date and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the applicable Pricing Supplement;

“**Rating Agency/ies**” means, at any time, the rating organisation(s) who have, at the request of the Issuer, given published ratings of the Notes at such time;

“**Rating Agency Event**” means a change by any Rating Agency to its equity credit criteria, or the interpretation or application thereof, for securities such as the Notes, as such criteria are in effect on the Issue Date (the “**current criteria**”), which results in a lower equity credit being given to the Notes as of the date of such change by such Rating Agency as compared with the equity credit assigned to the Notes pursuant to its current criteria and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event;

“**Record Date**” means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

“**Reference Banks**”, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

“**Reference Rate**” means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

“**Register**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Registered Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Regulatory Event**” means the occurrence of any of the following events, which occurrence (i) cannot be avoided by the Issuer or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate or (ii) is not reasonably foreseeable as at the Issue Date of the first Tranche of the Notes of the relevant Series (or in the case of a redomiciliation of ZIC and/or ZIG, at the time of such decision to redomicile):

- (a) prior to the implementation of any Future Regulations, the Relevant Regulator states that less than the entire principal amount of the Notes is now eligible to qualify as at least (i) lower additional capital (in the case of Notes which have a Maturity Date) or (ii) upper additional capital (in the case of Notes which do not have a Maturity Date)) pursuant to Art. 49 of the ISO in connection with Art. 22a of the ISO for group or solo solvency purposes; or
- (b) with effect from (and including) the implementation of any Future Regulations, less than the entire principal amount of the Notes qualify as at least Future Tier Two Capital under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Notes is only as a result of (i) any applicable limitation on the amount of such capital or, (ii) in the case of Notes with a Maturity Date, only as a result of any amortisation of the capital recognition of the Notes in accordance with the Applicable Regulations in force at the Issue Date of the first tranche of Notes of the relevant Series in the years prior to its redemption, in either case of (i) or (ii), all in accordance with the Applicable Regulations;

“**Relevant Capital**” means lower additional capital (in the case of Notes which have a Maturity Date) or upper additional capital in the case of Notes which do not have a Maturity Date or, following the implementation of any Future Regulations, Future Tier Two Capital;

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon

further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“**Relevant Regulator**” means FINMA or any domestic or foreign successor to FINMA or any entity, that otherwise has primary supervisory authority over ZIC and/or ZIG and/or the Zurich Insurance Group;

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

“**Reset Determination Date**” means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

“**Reset Margin**” means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period;

“**Restricted Notes**” means Notes issued in accordance with Conditions 15(a) and 15(b);

“**Senior Creditors**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Senior Ranking Creditors**” means:

- (a) in relation to ZIC or ZIG, all unsubordinated creditors of such entity, including policyholders (and beneficiaries of a policy) of such entity and all creditors of such entity whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; or
- (b) in relation to ZIC only, all other subordinated creditors of such entity except those whose claims arise in respect of Junior or Pari Passu Securities;

“**Single Noteholder**” has the meaning given to it in Condition 12(a);

“**SIS**” has the meaning given to it in Condition 2 (*Listed Swiss Franc Notes*);

“**SIX Swiss Exchange**” means SIX Swiss Exchange Ltd;

a “**Solvency Event**” shall be deemed to have occurred (unless exceptionally waived by the Relevant Regulator in the circumstances permitted under the Applicable Regulations) as at any date if as at such date:

- (a) the Issuer and/or the Zurich Insurance Group does not have appropriate funds to cover (as applicable) its required solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations; or
- (b) ZIC and/or ZIG has reasonable grounds for concern that it is unable to pay its debts owed to its, or their respective, Senior Ranking Creditors as they fall due; or
- (c) the Assets of ZIC and/or the Zurich Insurance Group do not exceed its, or their respective, Liabilities; or
- (d) any other event has occurred which, under the Applicable Regulations, in order for the Notes to continue to qualify as Relevant Capital, would require payment of principal or interest, as applicable, on the Notes to be deferred; or
- (e) the Relevant Regulator has given notice to the Issuer and/or ZIG (in the case of the Zurich Insurance Group), that it has determined that in accordance with the Applicable Regulations at such time, action must be taken in relation to payments on subordinated notes, including the Notes;

“**Solvency Event Certificate**” means a certificate signed by two Authorised Officers of the Issuer (or where applicable ZIG) confirming the occurrence and/or continuation of a Solvency Event to the Trustee;

“**Solvency Interest Deferral Date**” means each Interest Payment Date in respect of which a Solvency Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

“**Solvency Payment Deferral Certificate**” means a certificate signed by two Authorised Officers of the Issuer or where applicable ZIG confirming that (i) a Solvency Event has occurred and is continuing, or would occur if payment of interest on the Notes were made or (ii) a Solvency Event has ceased to occur and/or payment of interest or Arrears of Interest on the Notes would not result in a Solvency Event occurring;

“**Special Event**” means any of an Accounting Event, a Rating Agency Event or a Regulatory Event or any combination of the foregoing;

“**Specified Currency**” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 4(a) and 10(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Substitute Obligor**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of substitution, variation or redemption pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of either of the events above, the delivery to the Trustee by the Issuer of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer has or will become obliged to pay relevant Additional Amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Ten Non-Bank Rule**” means the rule that the aggregate number of Noteholders under a Series of Restricted Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines;

“**Transfer**” has the meaning given to it in Condition 15(a);

“**Twenty Non-Bank Rule**” means the rule that the aggregate number of the Issuer’s lenders (including Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debentures (*Kassenobligation*), such as intra-group loans, facilities and/or private placements (including under Restricted Notes and Notes not classified as a taxable bond (*Anleihensobligation*)) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines;

“**Write-Down**” and “**Written-Down**” has the meaning given to it in Condition 8(c);

“**Write-Down Certificate**” has the meaning given to it in Condition 8(b);

“**Write-Down Date**” means the date specified as such in the Write-Down Notice on which the Notes will be Written-Down, which date shall be no less than one and no more than seven calendar days after the date of delivery of the relevant Write-Down Notice;

“**Write-Down Event**” shall bear the meaning specified in the applicable Pricing Supplement;

“**Write-Down Notice**” has the meaning given to it in Condition 8(b);

“**ZIG**” means Zurich Insurance Group Ltd; and

“**Zurich Insurance Group**” means ZIG together with all of its subsidiaries.

(b) *Interest related definitions*

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for

settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 10(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates, which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following, save for paragraphs in italics, is the text of the terms and conditions that, subject to completion and amendment and as supplemented in accordance with the provisions of Part A of the applicable Pricing Supplement, shall be applicable to the Notes. As set out below, the terms and conditions are presented in the form that would be endorsed, together with the relevant provisions of Part A of the Pricing Supplement, on (A) Bearer Notes in definitive form (if any) issued in exchange for Global Note(s) or (B) in the case of Registered Notes, Certificates, in each case, representing Notes. Accordingly, references in these terms and conditions to provisions specified in the applicable Pricing Supplement shall be to the provisions set out in the applicable Pricing Supplement. Capitalised terms that are not defined in the Conditions will have the meanings given to them in the applicable Pricing Supplement relating to any Series and/or Tranche of Notes, the absence of any such meaning indicating that such term is not applicable to the Notes of that Series.*

This Note is one of a Series (as defined below) of Notes issued by Zurich Finance (Luxembourg) S.A. (“**ZF (Luxembourg)**”), Zurich Finance (UK) plc (“**ZF (UK)**”) or Zurich Finance Australia Limited (“**ZF (Australia)**”) and, together with ZF (Luxembourg) and ZF (UK), the “**Issuers**” and each an “**Issuer**”) constituted by an amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented in relation to that Series of Notes as at the Issue Date of the Notes specified in the applicable Pricing Supplement (the “**Issue Date**”) (the “**Trust Deed**”) between the Issuers, Zurich Insurance Company Ltd (in its capacity as guarantor, “**ZIC**” or the “**Guarantor**”), Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

References in the Conditions to (i) “**Notes**” are to the Subordinated Notes of one Series only, not to all Subordinated Notes that may be issued under the Programme; and (ii) the “**Issuer**” are to the issuer of the Notes specified as such in the applicable Pricing Supplement.

Subordinated Notes issued by ZF (Luxembourg), ZF (UK) and ZF (Australia) will benefit from a ZIC Subordinated Guarantee (as defined in Condition 4 (ZIC Subordinated *Guarantee*)).

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates for Registered Notes, Coupons and Talons referred to below. An Agency Agreement dated 22 May 2018 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between, *inter alios* the Issuers, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying 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 “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. In the case of Listed Swiss Franc Notes, references herein to the “Agency Agreement” shall also extend to the agreement referred to in Condition 12(g) which supplements the Agency Agreement. Copies of the Trust Deed and the Agency Agreement and any ZIC Subordinated Guarantee are available for inspection during usual business hours and upon reasonable notice at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are deemed to have notice of, and are bound by, all the provisions of the Trust Deed and any ZIC Subordinated Guarantee, and are deemed to have notice of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes of a Series which are identical in all respects. “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and to form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, first payment of interest and/or issue prices.

Capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 1. Form, Denomination and Title

Whether this Note is in bearer or registered form or whether it is a “Listed Swiss Franc Note” is specified in the applicable Pricing Supplement.

This Note is issued either in bearer form (each a “**Bearer Note**”) or in registered form (each a “**Registered Note**”) in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

Each Bearer Note is serially numbered and is issued with Coupons (and, where appropriate, a Talon) attached.

Each Registered Note is represented by a registered certificate (a “**Certificate**”) and each Certificate shall represent the entire holding of Registered Notes by the same Noteholder.

In these Conditions, “**Noteholder**” and “**holder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and, except as ordered by a court of competent jurisdiction or as required by law, such holder shall be deemed to be and may be treated as the absolute owner of such Note for all purposes.

Any references in these Conditions to Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. Any references to any holder of Notes which are in bearer form shall, unless the context otherwise requires, include any Couponholders.

Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon 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**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

## 2. **Listed Swiss Franc Notes**

This Note is a Listed Swiss Franc Note if it is denominated or payable in Swiss Francs, is in bearer form, is listed on the SIX Swiss Exchange and it is so specified in the applicable Pricing Supplement.

*Each Tranche of Listed Swiss Franc Notes will be represented exclusively on issue by a Permanent Global SIS Note in bearer form, which will be deposited with SIX SIS AG, Olten, Switzerland (“SIS”), or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange on or prior to the Issue Date of such Series of Notes.*

## 3. **Status**

Condition 3 (*Status*) is governed by, and shall be construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes and is irrevocable.

### (a) **Subordination of the Notes**

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under Pari Passu Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3 (*Status*)).

As used in these Conditions:

“**Junior Instruments**” means:

- (i) all securities or other obligations of the Issuer ranking or expressed to rank junior to Subordinated Notes of the Issuer; and
- (ii) all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Subordinated Notes of the Issuer; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Subordinated Notes of the Issuer.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes of the Issuer.

### (b) **No Set-off**

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

### (c) **No Security**

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person to secure the claims of the Noteholders under the Notes.

## 4. **ZIC Subordinated Guarantee**

Pursuant to a guarantee agreement in the form set out in Schedule 5 to the Trust Deed dated the Issue Date (the “**ZIC Subordinated Guarantee**”), the Guarantor has irrevocably guaranteed, on a subordinated basis and up to the Specified Maximum Amount calculated in accordance with the provisions of the ZIC Subordinated Guarantee and as specified in the applicable Pricing Supplement, the payment of principal and interest on the Notes which falls due for payment in accordance with these Conditions (together with any Additional Amounts payable under Condition 8 (*Taxation*) and all other moneys payable under the Trust Deed but without prejudice to Condition 6 (*Deferral of Interest Payments*)),



Condition 7(b)(ii) and the deferral of payment in the circumstances specified in the ZIC Subordinated Guarantee) (for further information see Clause 1(1)(b) of the section entitled “Form of ZIC Subordinated Guarantee” on page 156 of the Base Prospectus).

Claims of Noteholders under the ZIC Subordinated Guarantee rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (Nachlassverfahren) or other similar proceedings of the Guarantor on a subordinated basis as specified in Clause 1(1)(a) of the ZIC Subordinated Guarantee (for further information see Clause 1(1)(a) of the section entitled “Form of ZIC Subordinated Guarantee” on page 156 of the Base Prospectus).

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Guarantor arising under or in connection with the ZIC Subordinated Guarantee, and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

The ZIC Subordinated Guarantee shall be governed by, and construed in accordance with, the substantive laws of Switzerland.

*For the avoidance of doubt, the obligations of ZIC under the ZIC Subordinated Guarantee rank:*

- (i) *pari passu with the obligations of ZIC in respect of its €425m 7.5 per cent Subordinated Notes due 2039, its €1,000m 4.25 per cent Subordinated Notes due 2043, its U.S.\$300m 4.25 per cent Subordinated Notes due 2045, its U.S.\$1,000m 5.625 per cent Subordinated Notes due 2046, its €750m 3.5 per cent Subordinated Notes due 2046, its U.S.\$500m 4.875 per cent Subordinated Notes due 2048 and its U.S.\$500m 5.125 per cent Subordinated Notes due 2048 and in respect of its guarantee of the issuance by ZF (UK) of £450m 6.625 per cent Perpetual Subordinated Notes, and any future Subordinated Notes guaranteed by ZIC; and*
- (ii) *senior to the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes, its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes.*

## **5. Interest and other Calculations**

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Fixed to Floating Rate Note or a combination of the foregoing (and each as further described below and in Condition 11 (*Interest Determination and Payment Dates*)), depending upon the Interest Basis specified in the applicable Pricing Supplement.

### **(a) Interest Accrual**

Subject to Condition 6 (*Deferral of Interest Payments*), each type of Note bears interest on its outstanding principal amount, accruing as follows:

- (i) Fixed Rate Note:
  - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest;
- (ii) Fixed Rate Reset Note:
  - (x) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
  - (y) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
  - (z) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest;
- (iii) Floating Rate Note:
  - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 11(b);
- (iv) Fixed to Floating Rate Note:
  - (x) from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest; and
  - (y) from (and including) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 11(b).

Each Note will cease to bear interest from the date for its redemption unless, upon due presentation or surrender thereof, payment of principal is improperly withheld or refused and in such event, interest will continue to accrue as provided in the Trust Deed.

If any Margin is specified in the applicable Pricing Supplement (either (A) generally or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for

the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 11(b) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to Condition 11(c).

Such interest shall be payable in arrear on each Interest Payment Date specified in the applicable Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 5(b).

**(b) Calculations**

Interest is calculated on each Note by reference to the Calculation Amount specified in the applicable Pricing Supplement. The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for calculating such amount) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises more than one Interest Accrual Period, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified in the applicable Pricing Supplement.

**(c) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price and Special Event Redemption Price**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount:

- (i) obtain any quotation or make any determination or calculation;
- (ii) determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period;
- (iii) calculate the Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price (as may be provided for in the applicable Pricing Supplement);
- (iv) obtain such quotation or make such determination or calculation, as the case may be, and;
- (v) cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price, to be notified to the Trustee, the Issuer, the Guarantor, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (x) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (y) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 11(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee in accordance with these Conditions by way of adjustment) without notice or consent of the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes are not redeemed when due in accordance with Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made, unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**6. Deferral of Interest Payments**

**(a) No default**

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 6 (Deferral of Interest Payments) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Trust Deed or the ZIC Subordinated Guarantee.

**(b) Optional Deferral of Interest**

If so specified in the applicable Pricing Supplement, the Issuer shall have the option to defer any Interest Payment which would otherwise be payable on any Optional Interest Payment Date in whole but not in part.

If so specified in the applicable Pricing Supplement (but not otherwise), notwithstanding the other provisions of this Condition 6(b) but without prejudice to Condition 6(c), if as at any Optional Interest Payment Date the Relevant Regulator no longer accords any regulatory capital credit to the Notes under the Applicable Regulations, the Issuer will be allowed to exercise its option under this Condition 6(b) to defer the relevant Interest Payment on such Optional Interest Payment Date for a period not exceeding five years (a “**Fixed Term Deferred Interest Payment**”).

(c) ***Solvency Deferral of Interest***

On any Solvency Interest Deferral Date, the Issuer shall defer in whole any Interest Payment which would otherwise be payable.

(d) ***Notice of Deferral***

The Issuer or ZIC shall notify the Trustee, the Issuing and Paying Agent and the Noteholders in writing in accordance with Condition 19 (*Notices*):

- (i) not less than 10 Business Days prior to an Interest Payment Date if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 6(b); and
- (ii) as soon as reasonably practicable if a Solvency Event has occurred and is continuing, or if a Solvency Event would occur on the relevant Interest Payment Date if payment of interest were made, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 6(d)(ii), the Issuer or ZIC shall also procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

(e) ***Arrears of Interest***

- (i) *Arrears of Interest*: Any Interest Payment not paid on an Interest Payment Date, together with any other interest on the Notes not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 6 (*Deferral of Interest Payments*), shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.
- (ii) *Conditions to Settlement of Arrears of Interest*: Other than in the circumstances described in Condition 10(c), Arrears of Interest arising pursuant to Condition 6(b) or 6(c) and, for the avoidance of doubt, mandatory payments pursuant to Condition 6(e)(iv), are only due and payable provided that no Solvency Event either (A) has occurred and is continuing on the date such payment would otherwise fall due or (B) would occur as a result of such payment and (C) in either case, the Issuer or ZIC has obtained the prior written consent thereof of the Relevant Regulator to the extent required at the time, in accordance with Applicable Regulations in order for the Notes to qualify as Relevant Capital.
- (iii) *Optional Settlement of Arrears of Interest*: Any Arrears of Interest may be paid at the option of the Issuer in whole or in part, at any time upon the expiry of not less than 15 nor more than 30 days’ notice to such effect given by the Issuer or ZIC to the Trustee and to the Noteholders in accordance with Condition 19 (*Notices*), subject to Condition 6(e)(ii). On or prior to the delivery of any notice pursuant to this Condition 6(e)(iii), the Issuer or ZIC shall procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.
- (iv) *Mandatory Settlement of Arrears of Interest*: Subject to Condition 6(e)(ii) above, Arrears of Interest will, save as otherwise specified in the applicable Pricing Supplement, automatically become immediately due and payable upon the earliest of the following dates:
  - (A) the date upon which a dividend is next declared or paid on, or the date of any repurchase or acquisition of, any class of share capital of ZIG (other than an Excepted Event); or
  - (B) the date of redemption of any Notes pursuant to Condition 7(b), Condition 7(d), Condition 7(e) or Condition 7(f); or
  - (C) the commencement of the winding-up or dissolution of the Issuer or, as the case may be, ZIC (except for the purposes of or pursuant to and followed by an Approved Liquidation); or
  - (D) the date upon which a Junior or Pari Passu Interest Payment is made or upon which a distribution or other payment (including payment for the purpose of a redemption or repurchase) in relation to the relevant securities is made (unless such payment is (i) required to be made pursuant to the terms of the relevant securities or required due to the repayment of such securities or (ii) an Excepted Event); or
  - (E) in the case of a Fixed Term Deferred Interest Payment only, the fifth anniversary of the Optional Interest Payment Date on which such payment was deferred; or
  - (F) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 6(b) or 6(c).

## **7. Redemption, Substitution or Variation, Purchase and Options**

### **(a) No Redemption at the Option of Noteholders**

Noteholders have no right to claim for an early redemption of the Notes.

### **(b) Redemption at Maturity**

- (i) *Maturity Date*: Each Note with a Maturity Date specified in the applicable Pricing Supplement will, subject as provided in Condition 7(b)(ii) below, be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date unless previously redeemed or purchased and cancelled as provided below.
- (ii) *Maturity extension upon Solvency Event*: If a Solvency Event has occurred and is continuing on the Maturity Date, or would occur as a result of the redemption of the relevant Notes, the Notes shall not be redeemed on the Maturity Date but will be redeemed by the Issuer promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of not more than 30 nor less than 15 days' notice of such cessation by the Issuer to the Trustee and to Noteholders in accordance with Condition 19 (*Notices*). In this circumstance, references herein to "**Maturity Date**" shall be construed accordingly to refer to such later date of redemption and, for the avoidance of doubt, interest shall continue to accrue (without compounding) as provided in Condition 5(a) on any such Note until such later date of redemption.

On or prior to the delivery of any notice pursuant to this Condition 7(b)(ii), the Issuer or ZIC shall also procure the delivery of a Solvency Event Certificate to the Trustee.

### **(c) Conditions to Redemption, Substitution, Variation or Purchase**

Any redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 7(b)), substitution, variation of the Conditions or purchase, of the Notes is subject to the following conditions:

- (i) the Issuer or ZIC having obtained the prior written consent therefor of the Relevant Regulator;
- (ii) no Solvency Event having occurred or is continuing and such redemption, substitution, variation or purchase would not itself cause a Solvency Event; and
- (iii) in the case of a redemption or purchase that is within five years of the Issue Date of the first Tranche of the Notes, such redemption or purchase is, to the extent then required by the Relevant Regulator in order for the Notes to qualify as at least Future Tier Two Capital under any Future Regulations, funded out of the proceeds of a new issuance of capital instruments of at least the same quality as the Notes.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) (other than a notice of redemption pursuant to Condition 7(d)), the Issuer or ZIC shall deliver to the Trustee a Conditions Precedent Certificate.

The Issuer shall give not less than 30 nor more than 60 days' prior notice of any substitution, variation or redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 7(b)) pursuant to this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall, subject to this Condition 7(c), be irrevocable). Upon expiry of such notice, the Issuer shall (subject to this Condition 7(c)) substitute, vary or, as appropriate, redeem the Notes.

### **(d) Redemption at the Option of the Issuer**

If Call Option is specified in the applicable Pricing Supplement as being applicable, the Issuer may, at its option, subject to Condition 7(c), redeem all, but not some only, of the Notes on any Optional Redemption Date specified in the applicable Pricing Supplement. Any such redemption of Notes shall be at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

### **(e) Redemption Due to Taxation**

If, prior to the giving of the relevant notice of redemption a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 7(c), redeem the Notes in accordance with these Conditions.

Such redemption may be at any time (if and for so long as this Note is not a Floating Rate Note) or on any Interest Payment Date (if and for so long as this Note is a Floating Rate Note).

The Issuer may redeem all, but not some only, of the Notes at their principal amount, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest, provided that no notice of redemption shall be given pursuant to limb (a) in the definition of Tax Event earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, ZIC would be obliged to pay Additional Amounts were a payment in respect of the Notes or the ZIC Subordinated Guarantee then due.

**(f) *Redemption Due to a Special Event or Clean-Up Event***

If Accounting Event Call, Rating Agency Event Call, Regulatory Event Call or Clean-Up Event Call is/are specified in the applicable Pricing Supplement as being applicable, the following provisions shall apply.

If one or more of such events occurs and within the Early Event Call Period, the Issuer gives a notice of redemption and if the relevant event is continuing on the date of such notice, then the Issuer may, subject to Condition 7(c) and as further provided below, redeem in accordance with these Conditions all, but not some only, of the Notes.

Such redemption may be at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date.

The Issuer shall not have the right to redeem the Notes following an Accounting Event, Clean-Up Event and/or a Rating Agency Event if such right of redemption would cause a Regulatory Event. The Notes will be redeemed at the Special Event Redemption Price or, as appropriate, Clean-Up Redemption Price specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

**(g) *Substitution or Variation***

If a Tax Event or any Special Event specified in the applicable Pricing Supplement as being applicable occurs and is continuing, then the Issuer may, subject to Condition 7(c) and as provided below (without any requirement for the consent or approval of the Noteholders), (i) substitute at any time all (and not some only) of the Notes for, or (ii) vary the terms of the Notes so that they become, in each case, Qualifying Securities. The Trustee shall (subject to the following provisions of this Condition 7(g)) agree to such substitution or variation.

The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's sole opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

In addition to the requirements of Condition 7(c), any substitution or variation is subject to:

- (i) the substitution or variation not itself giving rise to a deterioration in any solicited rating of the Notes in effect at such time as confirmed in writing by the Rating Agency/ies; and
- (ii) the substitution or variation not triggering any right on the part of the Issuer to redeem the Notes.

In connection with any substitution or variation in accordance with this Condition 7(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(h) *Purchases***

Subject to Condition 7(c), the Issuer, ZIC, ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) for the time being may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price.

**(i) *Cancellation***

All Notes purchased in accordance with Condition 7(h) by or on behalf of the Issuer, ZIC, ZIG or any of their respective Subsidiaries may (at the option of the Issuer, ZIC, ZIG or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(j) *Trustee Not Obligated to Monitor***

The Trustee shall not be under any duty to monitor whether any event or circumstance within this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) has happened or exists and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*), it shall be entitled to assume that no such event or circumstance exists.

**8. *Taxation***

**(a) *Notes issued by ZF (Luxembourg) or ZF (UK)***

In the case of Notes issued by ZF (Luxembourg) or ZF (UK), all payments under the Trust Deed and the Notes will be made without withholding or deduction for or on account of any taxes or duties of whatever nature imposed or levied by or

on behalf of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law and/or by agreement of the relevant Issuer or the Guarantor, as the case may be.

In such event, ZF (Luxembourg) or ZF (UK), as the case may be, will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note presented for payment:

- (i) in Luxembourg, in the case of Notes issued by ZF (Luxembourg);
- (ii) by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with the United Kingdom (in the case of ZF (UK)) or Luxembourg (in the case of ZF (Luxembourg)) or Switzerland (in the case of payments made by ZIC under the ZIC Subordinated Guarantee) other than the mere holding of such Note;
- (iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day;
- (iv) where such withholding or deduction is imposed on a payment and is required to be made on a payment to an individual resident in Luxembourg in accordance with the provisions of the Luxembourg law dated 23 December 2005, as amended, introducing a withholding tax on interest paid to such Luxembourg resident individual;
- (v) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments; or
- (vi) any combination of items (i) through (v) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of ZF (Luxembourg) or ZF (UK) will be paid net of any FATCA Withholding. Neither ZF (Luxembourg), ZF (UK) nor any other persons will be required to pay any additional amounts in respect of FATCA Withholding.

**(b) Notes issued by ZF (Australia)**

In the case of Notes issued by ZF (Australia), all payments of principal and interest in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Relevant Jurisdiction or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by a law or directive.

In the event that ZF (Australia) or any person acting on its behalf is required by law or directive to make any such withholding or deduction, ZF (Australia) will pay such additional amounts (“**Additional Amounts**”) as shall be necessary so that, after making the withholding or deduction and further withholdings or deductions applicable to Additional Amounts payable under this paragraph, the Noteholders are entitled to receive (at the time the payment is due) the amounts they would have received if no withholdings or deductions had been required to be made; except that no such Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of the person having some connection with the Relevant Jurisdiction other than the mere holding of such Note or receipt of payment in respect of such Note;
- (ii) presented for payment or in respect of which a claim for payment is made more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an Additional Amount on presenting the Note, or claiming or making demand, for payment on the last day of the period of 30 days;
- (iii) on account of such taxes, duties, assessments or governmental charges which are payable by reason of the Noteholder being an associate of ZF (Australia) for the purposes of section 128F of the Australian Tax Act;
- (iv) on account of such taxes, duties, assessments or governmental charges which are required to be deducted or withheld from amounts payable to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by (1) providing (or procuring that a third party provides) the Noteholder’s Australian tax file number (“**TFN**”) or Australian Business Number (“**ABN**”) or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority (with a copy to the Issuer) and/or (2) complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption;
- (v) to, or to a third party on behalf of, a Noteholder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law;

- (vi) to the extent that ZF (Australia) is obliged to pay such taxes, duties, assessments or governmental charges in respect of such payment made to, or to a third party on behalf of, a Noteholder as a result of the operation of section 126 of the Australian Tax Act by reason of the Noteholder being an Australian resident or a non-resident that carries on business at or through a permanent establishment in Australia and not having disclosed to ZF (Australia) its name and address;
- (vii) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (viii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;
- (ix) to a Noteholder that is not the beneficial owner of such Note to the extent that the beneficial owner thereof would not have been entitled to the payment of an Additional Amount had such beneficial owner been the Noteholder of such Note;
- (x) on account of any Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation that such tax is payable under the Australian Tax Act, in circumstances where the Noteholder is party to or participated in a scheme to avoid such tax and where ZF (Australia) was neither a party to nor participated in such scheme;
- (xi) in such other circumstances as may be specified in the applicable Pricing Supplement; or
- (xii) any combination of items (i) through (xi) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of ZF (Australia) will be paid net of any FATCA Withholding. Neither ZF (Australia) nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## 9. Principal Loss Absorption

### (a) Write-Down Event

*This Condition 9 shall not apply to any Notes issued by ZF (UK).*

This Condition 9 (*Principal Loss Absorption*) shall only apply if Write-Down Event is specified in the applicable Pricing Supplement as being applicable.

Notwithstanding any other provisions contained herein:

- (i) limb (e) of the definition of “Qualifying Securities” shall be deemed to be deleted in its entirety and replaced with the following: “(e) which contain terms providing for loss absorption through principal write-down that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities);” and
- (ii) any substitution or variation otherwise in accordance with Condition 7(g) will be subject to such substitution or variation not itself giving rise to a Write-Down Event and/or triggering a Write-Down of the Notes pursuant to this Condition 9 (*Principal Loss Absorption*) and no Write-Down Event having otherwise occurred.

Notwithstanding any other provisions contained herein, if a Write-Down Event occurs:

- (i) the claims of any Noteholder in respect of, or arising under, the relevant Notes pursuant to Condition 3 (*Status*) or the applicable ZIC Subordinated Guarantee will be subject to, and superseded by, the provisions of this Condition 9 (*Principal Loss Absorption*);
- (ii) each Note will cease to bear interest from the Write-Down Date (if any), but without prejudice to any cancellation of such interest in accordance with this Condition 9 (*Principal Loss Absorption*); and
- (iii) any redemption pursuant to Condition 7(b) or notice of redemption pursuant to Conditions 7(d), 7(e) and 7(f) shall be subject to the provisions of this Condition 9 (*Principal Loss Absorption*).

### (b) Notice of a Write-Down Event

If a Write-Down Event occurs at any time, the Issuer shall, as soon as reasonably practicable, notify the Relevant Regulator and shall, by no later than the seventh calendar day following the occurrence of the Write-Down Event:

- (i) give notice (a “**Write-Down Notice**”) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders specifying (x) that a Write-Down Event has occurred and that a Write-Down of the Notes will take place, (y) the date on which the Write-Down Event occurred, and (z) the Write-Down Date; and

- (ii) deliver to the Trustee and the Issuing and Paying Agent a certificate (the “**Write-Down Certificate**”) signed by two Authorised Officers of the Issuer or ZIC, stating that a Write-Down Event has occurred and giving details thereof.

The occurrence of a Write-Down Event in accordance with this Condition 9 (*Principal Loss Absorption*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Trust Deed or the ZIC Subordinated Guarantee.

(c) ***Write-Down of the Notes***

If the Issuer has validly given the Write-Down Notice and Write-Down Certificate in accordance with Condition 9(b), then on the Write-Down Date the full principal amount of each Note and all accrued but unpaid interest (including any Arrears of Interest) thereon will automatically and permanently be reduced to zero (a “**Write-Down**”, and “**Written-Down**” shall be construed accordingly) and the Notes will be cancelled.

Accordingly, as of the Write-Down Date, Noteholders shall not have any rights against the Issuer or the Guarantor with respect to: (i) repayment of the principal amount of the Notes or any part thereof, or (ii) the payment of any other amounts arising under or in connection with the Notes.

Once the principal amount of a Note has been Written-Down, it will not be restored under any circumstances, including where the relevant Write-Down Event ceases to continue.

If the Issuer has elected to redeem the Notes pursuant to Condition 7(d), 7(e) or 7(f), but prior to the scheduled redemption date a Write-Down Event occurs, the Notes will not be redeemed but instead will be Written-Down.

## 10. Remedies

(a) ***Right to claim for amounts due; no acceleration right***

If the Issuer fails to make any payment of principal or interest on the Notes when due, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Issuer in respect of such unpaid principal or interest provided that the Trustee and the Noteholders have no right to claim or enforce an early redemption of, the Notes or institute proceedings for the winding up of the Issuer.

If the Guarantor fails to pay (pursuant to the ZIC Subordinated Guarantee) an amount claimed in accordance with the ZIC Subordinated Guarantee, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Guarantor in respect of such unpaid amounts provided that the Trustee and the Noteholders have no right to claim any sums in respect of, or enforce an early redemption of, the Notes or institute proceedings for the winding up of the Guarantor.

(b) ***No institution of winding-up proceedings***

The Trustee may at its discretion, subject to Condition 10(c) (and subject to being indemnified and/or secured and/or prefunded), participate in, but not itself institute, any proceedings for the winding up of the Issuer and/or the Guarantor to enforce the obligations of the Issuer for payment of any principal or interest (including any Arrears of Interest) in respect of the Notes or, in the case of the Guarantor, to enforce the obligations of the Guarantor under the ZIC Subordinated Guarantee. In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) with respect to the Issuer and/or the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Notes.

(c) ***Claims in a winding-up or dissolution***

- (i) If, except for the purposes of or pursuant to and followed by an Approved Liquidation, a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or the Guarantor be wound up or dissolved (any such resolution or order, a “**Liquidation Ruling**”) and subject to Condition 10(c)(ii) below, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and ZIC that the Notes are immediately due and repayable at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).
- (ii) If, on or following the date of any such Liquidation Ruling, a Solvency Event in relation to the Zurich Insurance Group (a “**Group Solvency Event**”) has occurred and is continuing or would occur as a result of the Notes becoming due and payable pursuant to Condition 10(c)(i), then the Notes shall become due and payable in accordance with Condition 10(c)(i) upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, the Notes shall in addition become due and payable in the proceedings which implement such Liquidation Ruling at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest) upon any amounts in respect of any Relevant Junior or Pari Passu Securities becoming due and payable in such proceedings.



- (iii) No payment in respect of the Notes may be made by the Issuer or the Guarantor pursuant to this Condition 10(c), nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.

*ZIC has undertaken in the Trust Deed that for so long as any Notes are outstanding, it will have at least one series of securities outstanding which are issued directly by ZIC which rank, or are expressed to rank, pari passu with, the claims of Noteholders under the ZIC Subordinated Guarantee and have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group.*

**(d) No right to take action directly against the Issuer or the Guarantor**

No Noteholder or Couponholder shall be entitled to take any action directly against the Issuer or ZIC in respect of the Notes or the ZIC Subordinated Guarantee unless the Trustee, having become Noteholder Mandated to take such action, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Issuer or ZIC as those which the Trustee is entitled to exercise.

**(e) Extent of remedy for non-payment**

No remedy against the Issuer or ZIC, other than as referred to in this Condition 10 (*Remedies*), shall be available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed or ZIC Subordinated Guarantee.

## **11. Interest Determination and Payment Dates**

**(a) Fixed Rate Reset Notes - Fallbacks**

If Mid-Swap Rate is specified in the applicable Pricing Supplement and on any Reset Determination Date the Reset Rate Screen Page is not available or the Mid-Swap Rate does not appear on the Reset Rate Screen Page (other than in the circumstances provided for in Condition 11(e)), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the Reset Margin, all as determined by the Calculation Agent.

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the Reset Margin, all as determined by the Calculation Agent. If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 11(a), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

**(b) Floating Rate Notes and Fixed to Floating Rate Notes**

**(i) Interest Payment Dates**

Interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified in the applicable Pricing Supplement in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 5(b). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

**(ii) Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 11(e), be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) or on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m.

(Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Linear Interpolation*

Where Linear Interpolation is specified in the applicable Pricing Supplement as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the applicable Pricing Supplement as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the applicable Pricing Supplement as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(c) *Maximum Rate of Interest and Final Redemption Amount and Rounding*

- (i) If any Maximum Rate of Interest or Final Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest or any calculated Interest Amount or Final Redemption Amount shall be subject to such maximum.
- (ii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(d) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) and the required number of Reference Banks if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). The Issuer may, with the prior written approval of the Trustee (not to be unreasonably withheld), from time to time replace any Reference Bank with another leading investment, merchant or commercial bank or financial institution. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price, as the case may be, or to comply with any other requirement of it hereunder, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(e) *Benchmark discontinuation*

Notwithstanding the provisions in Condition 11(a) and 11(b), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 11(e) shall apply.

(i) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 11(e)(ii) and, in either case, an Adjustment Spread if any (in accordance with Condition 11(e)(iii)) and any Benchmark Amendments (in accordance with Condition 11(e)).

An Independent Adviser appointed pursuant to this Condition 11(e) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 11(e).

**(ii) Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- A. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 11(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 11(e)); or
- B. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 11(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 11(e)).

**(iii) Adjustment Spread**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

**(iv) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 11(e) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 11(e)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Officers of the Issuer pursuant to Condition 11(e)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 11(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 11(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Relevant Capital.

**(v) Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 11(e) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 19, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 11(e); and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified

in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

**(vi) Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 11(e) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 11 (a) and 11(b) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 11(e)(v).

**(vii) Definitions:**

As used in this Condition 11(e):

**“Adjustment Spread”** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 11(e)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 11(e)(iv).

**“Benchmark Event”** means:

- (1) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (5) it has become unlawful for any Paying Agent, Calculation Agent the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 11 (e)(i).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any relevant component part(s) thereof) on the Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (v) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (vi) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 12. Payments

### (a) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and ZIC and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and ZIC and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and ZIC reserve the right at any time, with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in Continental Europe, and (vi) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and Transfer Agent (in relation to Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange.

In addition, the Issuer and ZIC shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 12(d).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

Notwithstanding the foregoing, the Issuer will in respect of any Listed Swiss Franc Notes at all times maintain a Principal Swiss Paying Agent having a specified office in Switzerland and will at no time maintain a Paying Agent having a specified office outside Switzerland, unless permitted by applicable law.

### (b) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons (in the case of interest, save as specified in Condition 12(h)(i)), as the case may be, at the specified office of any Paying Agent outside the U.S. (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) by transfer to an account denominated in such currency with a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System or, in the case of New Zealand dollars, shall be Auckland.

### (c) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the Record Date. Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank the details of which are given to the Registrar or any Transfer Agent before the Record Date.

### (d) *Payments in the U.S.*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### (e) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or ZIC or its agents) and neither the Issuer nor ZIC will be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws,

regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

**(f) *Non-Business Days***

If any date for payment in respect of any Note is not a Business Day, the Noteholder 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 business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the applicable Pricing Supplement 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) which is a TARGET Business Day.

**(g) *Payments on Listed Swiss Franc Notes***

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

**(h) *Special Provisions relating to Coupons and Talons***

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unmatured Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unmatured Coupons or any unexchanged Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

**13. Meetings of Noteholders, Modification and Waiver**

**(a) *Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes 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 Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Optional Redemption Amount, the Clean-Up Redemption Price, or the Special Event Redemption Price, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, (viii) to modify Conditions 3 (*Status*), 6 (*Deferral of Interest Payments*) or 7 (*Redemption, Substitution or Variation, Purchase and Options*), or (ix) to cancel or modify the ZIC Subordinated Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 7(g) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Securities, and to which the Trustee has

agreed pursuant to the relevant provisions of Condition 7(g). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 11(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”), are excluded in the case of Notes issued by ZF (Luxembourg). No holder of Notes issued by ZF (Luxembourg) may initiate proceedings against ZF (Luxembourg) based on article 470-21 of the Companies Act 1915.

**(b) Modification of the Trust Deed or Agency Agreement**

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the ZIC Subordinated Guarantee or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed, the ZIC Subordinated Guarantee or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

**14. Issuer Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 14 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 (*Taxation*) with the substitution for the references in that Condition to the Issuer’s Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;
- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer, ZIC and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (on a subordinated basis equivalent to that referred to in Condition 4 (*ZIC Subordinated Guarantee*))), in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement, the ZIC Subordinated Guarantee and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor and ZIC (as applicable).

In connection with any such substitution in accordance with this Condition 14 (*Issuer Substitution*), references in the definition “Tax Law Change” to Relevant Jurisdiction shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words “becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series” in the definition “Tax Law Change” shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) was given pursuant to the Trust Deed”).

Any substitution pursuant to this Condition 14 (*Issuer Substitution*) shall be, if so required, subject to notification thereof to, and consent therefor from, the Relevant Regulator. Any such agreement by the Trustee pursuant to this Condition 14



(*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

## 15. **The Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in Condition 13 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any Solvency Payment Deferral Certificate, Solvency Event Certificate, Conditions Precedent Certificate, Write Down Certificate and any other opinion, certificate or written confirmation as contemplated in the definition of, as appropriate, Accounting Event, Clean-Up Event or Tax Event or otherwise given pursuant to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

Neither the Trustee nor the Agents shall have any responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment, cancellation or reduction of principal, interest or other amounts or any claims in respect thereof by reason of the occurrence of a Write-Down Event (if applicable).

For the avoidance of doubt, notwithstanding the occurrence of a Write-Down Event (if applicable), nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

## 16. **Transfers of Registered Notes**

### (a) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) 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 Notes 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.

### (b) ***Regulations***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### (c) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer 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 form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

### (d) ***Transfer Free of Charge***

Transfer of Notes and Certificates 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 by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date or (v) during the period following delivery of a notice of payment of Arrears of Interest in accordance with Condition 6 (*Deferral of Payments*) and Condition 19 (*Notices*) and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

**17. Replacement of Notes, Certificates, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

**18. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

**19. Notices**

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer's and/or ZIC's website. For so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address [www.six-swiss-exchange.com/news/official\\_notices.html](http://www.six-swiss-exchange.com/news/official_notices.html)) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer and/or ZIC shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication, and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

**20. Prescription**

Claims in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

**21. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**22. Governing Law**

(a) The Trust Deed (other than the provisions therein relating to (i) subordination, which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes and (ii) the ZIC Subordinated Guarantee, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes (other than Condition 3 (*Status*), which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Each Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes may be brought in such courts.

- (c) Each Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any court referred to in paragraph (b) above or paragraph (d) below or that any such court is an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer or ZIC in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) Each of the Guarantor, ZIG and ZF (Luxembourg) has appointed Zurich Insurance plc, UK branch at its registered office for the time being and ZF (Australia) has appointed ZF (UK) at its registered office for the time being, in each case to act as its agent for service of process in respect of any Proceedings in England and each of the Guarantor, ZIG, ZF (Luxembourg) and ZF (Australia) has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch or ZF (UK), as the case may be, ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (g) Any ZIC Subordinated Guarantee is governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of a ZIC Subordinated Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

## 23. Definitions and Interpretation

### (a) *General definitions*

“**Accounting Event**” means that an opinion of a recognised accounting firm has been delivered to the Issuer or ZIG, stating that obligations of the Issuer in respect of the Notes must not, or must no longer be, recorded under the Initial Accounting Treatment Methodology specified in the applicable Pricing Supplement (either “**liabilities**” or “**equity**”), (being the presentation of the Notes under IFRS as at the Issue Date) on the balance sheet of ZIG published in its annual consolidated financial statements pursuant to IFRS and this cannot be avoided by the Issuer or, as the case may be, ZIG taking such reasonable measures as the Issuer or ZIG (acting in good faith) deems appropriate and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event, the delivery by the Issuer to the Trustee of such opinion;

“**Additional Amounts**” has the meaning given to it in Condition 8 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Applicable Regulations**” means, at any time, the solvency margin, regulatory capital requirements or capital adequacy regulations applicable to ZIC and/or the Zurich Insurance Group at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency and/or financial conglomerate purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of the Relevant Regulator and shall include, once introduced and so long as applicable, any Future Regulations;

“**Approved Liquidation**” means a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of the Issuer or, as the case may be, the Guarantor, in each case the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders;

“**Arrears of Interest**” has the meaning given to it in Condition 6 (*Deferral of Payments*);

“**Assets**” means, in relation to ZIC, ZIC’s consolidated total assets and, in relation to the Zurich Insurance Group, ZIG’s consolidated total assets, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Australian Tax Act**” means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the context requires;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer, ZIC and/or ZIG, as applicable;

“**Bank**” has the meaning given to it in Condition 12(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which

have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer or ZIC to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Conditions Precedent Certificate**” means a certificate signed by two Authorised Officers of the Issuer or ZIC stating that (x) the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary, including but not limited to the conditions set out in Condition 7(c), are satisfied and (y) in the case of a substitution or variation, that the terms of the relevant Qualifying Securities comply with the definition thereof in Condition 23 (*Definitions and Interpretations*);

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Special Event or Clean-Up Event, as applicable, to (and including) the date which is the later of (i) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement) and (ii) having sought such consent within such period, the date on which written consent of the Relevant Regulator is obtained for the giving of such notice and redemption;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Excepted Event**” means one or more of the following events:

- (a) repurchases, redemptions or other acquisitions of ZIG’s ordinary shares in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of one or more employees, officers, directors or consultants, in connection with a dividend reinvestment or shareholder stock purchase plan or in connection with the issuance of ZIG’s ordinary shares (or securities convertible into or exercisable for ZIG’s ordinary shares) as consideration in an acquisition transaction entered into prior to the applicable deferral period;
- (b) as a result of any exchange or conversion of any class or series of ZIG’s ordinary shares (or any capital stock of any of its subsidiaries) for any class or series of common stock or of any class or series of its indebtedness (or for the indebtedness of any of its subsidiaries);
- (c) the aggregate amount of Junior and Pari Passu Payments during the six month period ending on the relevant Interest Payment Date does not exceed US\$10,000,000 (or its equivalent);
- (d) any declaration of a dividend in connection with any shareholders’ rights plan, or the issuance of rights, stock or other property under any shareholders’ rights plan, or the redemption or repurchase of rights pursuant thereto;
- (e) any dividend or distribution in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock; or
- (f) payments of interest on any Notes and on any Pari Passu Obligations, in each case which are made rateably and in proportion to the respective amounts as at such Interest Payment Date of (y) if applicable, Arrears of Interest and any other accrued and unpaid interest on the Notes, on the one hand and (z) accrued and unpaid interest on such other obligations on the other hand;

“**FATCA Withholding**” has the meaning given to it in Condition 12(e);

“**FINMA**” means the Swiss Financial Market Supervisory Authority FINMA in Switzerland;

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 5(a) and 11(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Fixed Term Deferred Interest Payment**” has the meaning given to it in Condition 6(b);

“**Future Regulations**” means the solvency margin, regulatory capital or capital adequacy regulations (if any) which may be introduced in Switzerland (or if ZIC and/or ZIG becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer, ZIC and/or Zurich Insurance Group, which would set out the requirements to be satisfied by financial instruments in order that they be eligible to be included in Tier Two (or equivalent) own funds regulatory capital (“**Future Tier Two Capital**”);

“**Group Solvency Event**” has the meaning given to it in Condition 10(c);

“**Guarantor**” means ZIC in its capacity as guarantor under any ZIC Subordinated Guarantee;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 11(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**ISO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended;

“**Issuer’s Territory**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

“**Junior and Pari Passu Payments**” has the meaning given to it in the definition of “Optional Interest Payment Date”;

“**Junior Instruments**” has the meaning given to it in Condition 3 (*Status*);

“**Junior or Pari Passu Interest Payment**” means, in respect of any Junior or Pari Passu Securities, the payment of any interest on such securities (or the payment of a sum in respect of such interest under any applicable guarantee);

“**Junior or Pari Passu Securities**” means (a) any securities issued (or guaranteed) by ZIC and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to, or *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee or (b) any securities issued by the Issuer and the claims in respect of such securities rank junior to, or *pari passu* with, the claims of holders of Subordinated Notes;

“**Liabilities**” means, in relation to ZIC, ZIC’s consolidated total liabilities and, in relation to the Zurich Insurance Group, ZIG’s consolidated total liabilities, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Liquidation Ruling**” has the meaning given to it in Condition 10(c);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
  - (i) with a term equal to the relevant Reset Period; and
  - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or

- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (i) with a term equal to the relevant Reset Period; and
  - (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Noteholder**” has the meaning given to it in Condition 1 (Form, *Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon (a) no dividend has been declared or paid on any class of share capital of ZIG; (b) no repurchase or acquisition of any class of share capital of ZIG has been made; and (c) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (i) on any Junior or Pari Passu Securities; or (ii) on any securities issued or guaranteed by ZIG (any such payments in (a), (b) and (c) together, “**Junior and Pari Passu Payments**”) (provided at the relevant time the existence of this requirement (c) does not cause a Regulatory Event); (unless, in each case, such payment was (i) required to be made pursuant to the terms of such securities or required due to the repayment of such securities or (ii) an Excepted Event);

“**Pari Passu Instruments**” has the meaning given to it in Condition 3 (*Status*);

“**Pari Passu Obligations**” means (a) any obligations undertaken (or guaranteed) by ZIC and the claims in respect of such obligations (or, as applicable, guarantee) rank, or are expressed to rank, *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee or (b) any obligations undertaken by the Issuer and the claims in respect of such obligations rank, or are expressed to rank, *pari passu* with the claims of holders of Subordinated Notes;

“**Qualifying Securities**” means securities:

- (a) having terms (including terms providing for deferral of payment of interest and/or principal and which preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any other amounts which have not been paid) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer or ZIC after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer or ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (b) issued by ZIC, or issued by another member of the Zurich Insurance Group together with a guarantee by ZIC, such that investors have the same material rights and claims as provided by the Notes and any ZIC Subordinated Guarantee (as reasonably determined by the Issuer, and provided that a certification to such effect of two Authorised Officers of ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (c) ranking at least equal to the Notes (in the case of securities issued by the Issuer) and featuring the same principal amount, interest rate (including applicable margins and step-up), Interest Payment Dates and Optional Redemption Dates as the Notes; and
- (d) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of and amounts payable on, such redemption; and
- (e) which do not contain any terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (f) which benefit from a guarantee from ZIC which ranks at least equally with a relevant ZIC Subordinated Guarantee; and
- (g) listed on an internationally recognised stock exchange, if the Notes were listed prior to such substitution or variation; and
- (h) in the case of a substitution or variation as a result of a Rating Agency Event, which are assigned substantially the same equity content, or at the absolute discretion of the Issuer or ZIC a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Agency Event), than was assigned by the Rating Agency/ies to the Notes on or around the Issue Date and provided that a certification to such effect of two Authorised Officers of ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities;

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the applicable Pricing Supplement;

**“Rating Agency/ies”** means, at any time, the rating organisation(s) who have, at the request of the Issuer or ZIC, given published ratings of the Notes at such time;

**“Rating Agency Event”** means a change by any Rating Agency to its equity credit criteria, or the interpretation or application thereof, for securities such as the Notes, as such criteria are in effect on the Issue Date (the **“current criteria”**), which results in a lower equity credit being given to the Notes as of the date of such change by such Rating Agency as compared with the equity credit assigned to the Notes pursuant to its current criteria and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event;

**“Record Date”** means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

**“Reference Banks”**, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

**“Reference Rate”** means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

**“Register”** has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

**“Registered Note”** has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

**“Regulatory Event”** means the occurrence of any of the following events, which occurrence (i) cannot be avoided by the Issuer, ZIC or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate or (ii) is not reasonably foreseeable as at the Issue Date of the first Tranche of the Notes of the relevant Series (or in the case of a redomiciliation of ZIC and/or ZIG, at the time of such decision to redomicile):

- (a) prior to the implementation of any Future Regulations, the Relevant Regulator states that less than the entire principal amount of the Notes is now eligible to qualify as at least (i) lower additional capital (in the case of Notes which have a Maturity Date) or (ii) upper additional capital (in the case of Notes which do not have a Maturity Date)) pursuant to Art. 49 of the ISO in connection with Art. 22a of the ISO for group or solo solvency purposes; or
- (b) with effect from (and including) the implementation of any Future Regulations, less than the entire principal amount of the Notes qualify as at least Future Tier Two Capital under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Notes is only as a result of (i) any applicable limitation on the amount of such capital or, (ii) in the case of Notes with a Maturity Date, only as a result of any amortisation of the capital recognition of the Notes in accordance with the Applicable Regulations in force at the Issue Date of the first tranche of Notes of the relevant Series in the years prior to its redemption, in either case of (i) or (ii), all in accordance with the Applicable Regulations;

**“Relevant Capital”** means lower additional capital (in the case of Notes which have a Maturity Date) or upper additional capital in the case of Notes which do not have a Maturity Date or, following the implementation of any Future Regulations, Future Tier Two Capital;

**“Relevant Date”** in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

**“Relevant Junior or Pari Passu Securities”** means (a) any securities issued (or guaranteed) by ZIC which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee; (b) any securities issued by ZIC which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities rank, or are expressed to rank *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee;

**“Relevant Jurisdiction”** means (i) Luxembourg and Switzerland, in the case of Notes issued by ZF (Luxembourg); (ii) the United Kingdom and Switzerland, in the case of Notes issued by ZF (UK); and (iii) Australia and Switzerland, in the case of Notes issued by ZF (Australia);

**“Relevant Regulator”** means FINMA or any domestic or foreign successor to FINMA or any entity, that otherwise has primary supervisory authority over ZIC and/or ZIG and/or the Zurich Insurance Group;

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

**“Reset Determination Date”** means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

**“Reset Margin”** means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

**“Reset Period”** means the First Reset Period or a Subsequent Reset Period;

**“Senior Creditors”** has the meaning given to it in Condition 3 (*Status*);

**“Senior Ranking Creditors”** means:

- (a) in relation to ZIC or ZIG, all unsubordinated creditors of such entity, including policyholders (and beneficiaries of a policy) of such entity and all creditors of such entity whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; or
- (b) in relation to ZIC only, all other subordinated creditors of such entity except those whose claims arise in respect of Junior or Pari Passu Securities;

**“SIS”** has the meaning given to it in Condition 2 (*Listed Swiss Franc Notes*);

**“SIX Swiss Exchange”** means SIX Swiss Exchange Ltd;

a **“Solvency Event”** shall be deemed to have occurred (unless exceptionally waived by the Relevant Regulator in the circumstances permitted under the Applicable Regulations) as at any date if as at such date:

- (a) ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover (as applicable) its required solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations; or
- (b) ZIC and/or ZIG has reasonable grounds for concern that it is unable to pay its debts owed to its, or their respective, Senior Ranking Creditors as they fall due; or
- (c) the Assets of ZIC and/or the Zurich Insurance Group do not exceed its, or their respective, Liabilities; or
- (d) any other event has occurred which, under the Applicable Regulations, in order for the Notes to continue to qualify as Relevant Capital, would require payment of principal or interest, as applicable, on the Notes to be deferred; or
- (e) the Relevant Regulator has given notice to ZIC and/or ZIG (in the case of the Zurich Insurance Group), that it has determined that in accordance with the Applicable Regulations at such time, action must be taken in relation to payments on subordinated notes, including the Notes;

**“Solvency Event Certificate”** means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming the occurrence and/or continuation of a Solvency Event to the Trustee;

**“Solvency Interest Deferral Date”** means each Interest Payment Date in respect of which a Solvency Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

**“Solvency Payment Deferral Certificate”** means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming that (i) a Solvency Event has occurred and is continuing, or would occur if payment of interest on the Notes were made or (ii) a Solvency Event has ceased to occur and/or payment of interest or Arrears of Interest on the Notes would not result in a Solvency Event occurring;

**“Special Event”** means any of an Accounting Event, a Rating Agency Event or a Regulatory Event or any combination of the foregoing;

**“Specified Currency”** means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

**“Specified Maximum Amount”** means the amount specified as such in the applicable Pricing Supplement;

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 5(a) and 11(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;



“**Substitute Obligor**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, (A) the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or (B) if a sum in respect of such payment is claimed under the ZIC Subordinated Guarantee, ZIC would be required to pay Additional Amounts, in each case (A) and (B) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer (in respect of case (A)) or ZIC (in respect of case (B)) taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change (i) in the case of Notes issued by ZF (UK), be treated as a “distribution” within the meaning of the UK Corporation Tax Act 2010 (as amended, re-enacted or replaced) or (ii) not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of either of the events above, the delivery to the Trustee by the Issuer or ZIC of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer and/or as applicable, the Guarantor has or will become obliged to pay relevant Additional Amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Write-Down**” and “**Written-Down**” has the meaning given to it in Condition 9(c);

“**Write-Down Certificate**” has the meaning given to it in Condition 9(b);

“**Write-Down Date**” means the date specified as such in the Write-Down Notice on which the Notes will be Written-Down, which date shall be no less than one and no more than seven calendar days after the date of delivery of the relevant Write-Down Notice;

“**Write-Down Event**” shall bear the meaning specified in the applicable Pricing Supplement;

“**Write-Down Notice**” has the meaning given to it in Condition 9(b);

“**ZIC Subordinated Guarantee**” has the meaning given to it in Condition 4 (*ZIC Subordinated Guarantee*);

“**ZIG**” means Zurich Insurance Group Ltd; and

“**Zurich Insurance Group**” means ZIG together with all of its subsidiaries.

(b) *Interest related definitions*

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $D_2$  will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 11(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer

outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any Additional Amounts that may be payable under Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

## DESCRIPTION OF NOTES IN GLOBAL FORM

### Listed Swiss Franc Note

Each Listed Swiss Franc Note will be represented exclusively by a Permanent Global SIS Note in bearer form which will be deposited with SIX SIS AG, Olten Switzerland (“**SIS**”), or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange (with respect to any such Permanent Global SIS Note, SIS or such other intermediary, the “**Intermediary**”) on or prior to the original issue date of such Note. As a matter of Swiss law, once the Permanent Global SIS Note has been deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Listed Swiss Franc Notes represented thereby will constitute intermediate securities (*Bucheffekten*) within the meaning of the Swiss Federal Intermediate Securities Act (*Bucheffektengesetz*) the “**Intermediated Securities**”). The Permanent Global SIS Note will be exchangeable for Bearer Notes in definitive form in whole but not in part only if the Swiss Paying Agents should, after consultation with the Issuer, deem the printing of Bearer Notes in definitive form to be necessary or useful, or if the presentation of Bearer Notes in definitive form is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights of Noteholders, or if the Swiss Paying Agent at any time at its discretion determines to have Bearer Notes in definitive form issued. Holders of Listed Swiss Franc Notes will not have the right to effect or demand the exchange of the Permanent Global SIS Note into Notes in definitive or un-certified form. If Bearer Notes in definitive form are delivered, the relevant Permanent Global SIS Note will be immediately cancelled by the Swiss Paying Agent and the Bearer Notes in definitive form shall be delivered to the relevant holders against cancellation of the relevant Listed Swiss Franc Notes in such holders’ securities accounts. As a matter of Swiss law, a holder of an interest in the Permanent Global SIS Note retains a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global SIS Note to the extent of the Notes represented by such Permanent Global SIS Note in which such holder has an interest; provided, however, that, for so long as the Permanent Global SIS Note remains deposited with the Intermediary (i.e., for so long as the Notes represented thereby constitute Intermediated Securities), the co-ownership interest is suspended and the Notes represented thereby may only be transferred by the entry of the transferred Notes in a securities account of the transferee. For so long as Notes constitute Intermediated Securities, as a matter of Swiss law, (i) the records of the Intermediary will determine the number of Notes held through each participant of the Intermediary and (ii) the holders of such Notes will be the persons holding such Notes in a securities account (*Effektenkonto*) that is in their name or, in the case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding such Notes for their own account in a securities account (*Effektenkonto*) that is in their name.

### Initial Issue of Notes

If the Global Notes in respect of any series of Senior Notes in bearer form are stated in the applicable Pricing Supplement to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. If the Global Certificates in respect of any series of Senior Notes in registered form are stated in the applicable Pricing Supplement to be issued in NSS form, the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Where the Global Notes issued in respect of any Tranche are in NGN form or are held under the NSS, Euroclear and Clearstream will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or Global Certificates (as the case may be) with the Common Safekeeper does not necessarily mean that the relevant Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository (other than Global Certificates in NSS form, which shall be delivered to a Common Safekeeper).

If the Global Note is in CGN form, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream (the “**Common Depository**”) or registration of Registered Notes in the name of any common nominee for Euroclear and Clearstream and delivery of the relevant Global Certificate to the Common Depository, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as

the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## Exchange

### *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “General Description of the Programme-Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, the temporary Global Note will be exchangeable upon a request as described therein either for interests in a permanent Global Note or for Definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Notes to such notice period as is specified in the applicable Pricing Supplement), in each case against certification to the effect that the beneficial owner of interests in such temporary Global Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations.

If the temporary Global Note is exchangeable for Definitive Notes at the option of the holder and the relevant clearing system(s) so permit, the Notes shall be tradeable only in amounts of at least the Specified Denomination specified in the applicable Pricing Supplement (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency))

### *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) and any 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.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

### *Permanent Global Certificates*

If the applicable Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 16(a) of the Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or the Terms and Conditions of the Subordinated Notes, may only be made in part:

- (i) if the relevant 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 does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### *Delivery of Notes*

If the Global Note is in CGN form, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is in NGN form, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### ***Exchange Date***

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes 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 Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

### ***Amendment to Conditions***

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes 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 Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 11(h)(iv) of the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 12(h)(iv) of the Terms and Conditions of the Subordinated Notes will apply to the Definitive Notes only. If the Global Note is in NGN form, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “Business Day” set out in Condition 11(f) of the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 12(f) of the Terms and Conditions of the Subordinated Notes.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

### ***Prescription***

Claims in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date.

### ***Cancellation***

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

### ***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer, ZIC (where ZIC is not the Issuer), ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

### ***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions.

### ***Noteholders' Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is in NGN

form, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### ***NGN nominal amount***

Where the Global Note is in NGN form, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Senior Notes represented by such Global Note shall be adjusted accordingly.

#### ***Trustee's Powers***

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, any nominee or any common nominee, as the case may be, for a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate and, in the case of Registered Notes only, the Trustee may have regard to any other letter of confirmation, form of record, information and/or certification as the Trustee shall, in its absolute discretion, think fit as evidence that at any particular time or throughout any particular period any particular person should be regarded as having an interest in a particular nominal amount of Registered Notes and if the Trustee does so rely on such evidence, such letter of confirmation, form of record, information and/or certification shall be conclusive and binding on all concerned.

#### ***Notices***

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes 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 Note.

#### ***Electronic Consent and Written Resolution***

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (A) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (B) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

The following legend will appear on all Global Notes, Reg. S Global Notes, Definitive Notes and interest coupons in respect of obligations with an original maturity in excess of 365 days issued by an Issuer other than ZHCA:

***“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”***



*The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.*

## USE OF PROCEEDS

The net proceeds from each issue of Notes by ZF (Luxembourg) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

The net proceeds from each issue of Notes by ZIC will be used in Switzerland to refinance existing debt of ZIC or, alternatively, for general corporate purposes.

The net proceeds from each issue of Notes by ZF (UK) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

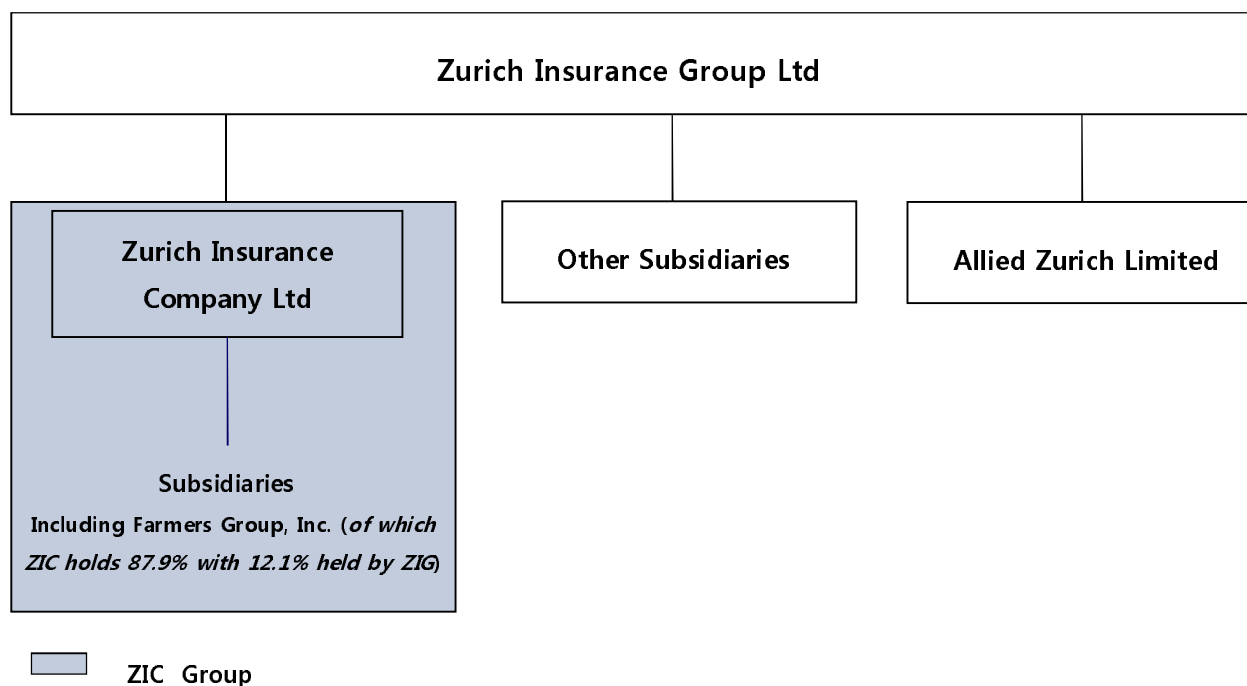
The net proceeds from each issue of Notes by ZHCA will be used either to refinance existing debt of Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

The net proceeds from each issue of Notes by ZF (Australia) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless use and to the extent in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

## ZURICH INSURANCE COMPANY LTD

### GENERAL INFORMATION

#### Overview of the ZIC Group structure



ZIC is a Swiss stock corporation (*Aktiengesellschaft*) according to the Swiss Code of Obligations and regulated according to Swiss insurance law and regulation. ZIC was incorporated in the commercial register of the Canton of Zurich, Switzerland on 16 July 1884. Its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland (telephone: +41 44 625 25 25) and its registered number is CHE-105.833.114. The purpose of ZIC is to conduct all kinds of insurance and reinsurance businesses, except for direct life insurance business. The fiscal year of ZIC begins on 1 January and ends on 31 December of each year.

The ZIC Group is a provider of insurance products and related services. The ZIC Group mainly operates in Europe, North America, Latin America and Asia Pacific through subsidiaries, branch and representative offices.

ZIC is owned by ZIG, the ultimate parent company of the ZIC Group. ZIG is a Swiss stock corporation (*Aktiengesellschaft*) according to the Swiss Code of Obligations and is incorporated in Zurich, Switzerland. Its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland and its registered number is CHE-101.236.480. ZIG is listed on the SIX Swiss Exchange (ZURN) and has a level I American Depositary Receipt (ZURVY) programme, which is traded over-the-counter on the OTCQX.

#### Share Information

The share capital of ZIC amounts to CHF 825,000,000, divided into 82,500,000 issued and fully paid registered shares with a par value of CHF 10 each. The transfer of shares is subject to the board of directors' consent. The board of directors may further delegate such consent.

On 4 April 2018, the annual general meeting of ZIC approved the partial repayment to ZIG of an existing subordinated loan in the amount of CHF 2.7 billion on 10 April 2018 instead of an ordinary dividend in respect of the financial year 2017. In 2017, ZIC paid an ordinary dividend of CHF 2.3 billion in respect of the financial year 2016. In 2016, ZIC paid an ordinary dividend of CHF 1.4 billion in respect of the financial year 2015.

#### Notices

Notices are given by ZIC by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). Notices to shareholders are given by ZIC by ordinary mail to the addresses registered in the share register unless otherwise provided by law or the articles of incorporation of ZIC.

#### Business and Strategy

The ZIC Group's strategy is derived from Zurich Insurance Group's strategy announced in November 2016. Building on its solid foundations, the ZIC Group seeks to increase profitability and consolidate its position as a leading global underwriter for property and casualty, and life insurance by enhancing commercial capabilities and developing a more focused retail proposition. The ZIC Group aims to expand customer relationships, simplify its business and significantly reduce costs. The ZIC Group also seeks to enhance its offerings to individuals by monitoring and aiming to increase customer satisfaction and retention.

## The Structure of the ZIC Group

The business structure of the ZIC Group is focused on geographic regions in the ZIC Group's core businesses of Property and Casualty (P&C) and Life insurance, comprising Asia Pacific, Europe, Middle East and Africa (EMEA), Latin America and North America, as well as Group Reinsurance.

The ZIC Group's other core business is Farmers. Farmers Group, Inc. and its subsidiaries ("FGI"), provide certain non-claims administrative and management services to the Farmers Exchanges. FGI receives fee income for the provision of services to the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group, Inc. a wholly owned subsidiary of ZIG. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S. This business also includes all reinsurance assumed from the Farmers Exchanges by the ZIC Group and Farmers New World Life.

In addition to these core businesses described above, the ZIC Group comprises "Group Functions and Operations" and "Non-Core Businesses". Group Functions and Operations predominantly consist of the ZIC Group's Holding and Financing and Headquarters activities. Non-Core Businesses include insurance and reinsurance businesses that the ZIC Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. Non-core businesses are mainly situated in the U.S., Bermuda and the UK.

The current reporting structure has been reflected in the consolidated financial statements beginning 1 January 2017 with prior year comparative figures revised accordingly.

## The ZIC Group Key Financial Information

in USD millions	As at or for the year ended 31 December 2017 (audited)	As at or for the year ended 31 December 2016 as restated <sup>1</sup> (unaudited)	Restatement <sup>1</sup> (unaudited)	As at or for the year ended 31 December 2016 as previously reported (audited)
Gross written premiums and policy fee	49,114	50,615	0	50,615
Net written premiums and policy fees	41,136	42,772	0	42,772
Net investment result on Group investments	7,248	7,037	(11)	7,048
Net income before income taxes	5,463	5,031	0	5,031
Net income after taxes attributable to shareholders	3,257	2,911	0	2,911
Total investments	315,134	308,850	(7,129)	315,979
Liabilities for insurance contracts	261,335	239,684	1,043	238,641
Shareholders' equity	31,969	29,363	0	29,363

<sup>1</sup> Amounts for consolidated total investments as of 31 December 2016 have been retrospectively restated for a change in presentation as from 1 January 2017 on and relating to the presentation of cash and cash equivalents, and consolidated liabilities for insurance contracts as of 31 December 2016 have been retrospectively restated for a change in presentation as from 1 January 2017 on and relating to the presentation of insurance related assets/liabilities. These amounts are unaudited.

## Subsequent Events

### *First Quarter Update*

On 9 May 2018, ZIG published an update for the three months ended 31 March 2018.

### *Notice of early redemption of CHF 500 million of undated subordinated notes*

On 17 April 2018, ZIC announced that it intended to exercise its option to redeem at the first call date on 16 May 2018 CHF 500 million of undated subordinated notes, issued in 2011.

### *Placement of USD 500 million of Dated Subordinated Notes*

On 17 April 2018 it was announced that ZIC had completed the placement of USD 500 million of dated subordinated notes which will mature in June 2048 and are first callable in June 2028. The coupon is fixed at 5.125% until the first call date.

### *ZIG Share Buyback Programme*

On 10 April 2018, ZIG announced the launch on 11 April 2018 of a public share buy-back programme for cancellation purposes in the amount of up to 1.74 million ZIG shares.

### *2017 Dividend payment*

On 4 April 2018, the ZIG Annual General Meeting approved a dividend of CHF 18.00 per share. This dividend was paid out starting 10 April 2018 partially out of the available earnings and partially out of the capital contribution reserve.

### *Acquisition of Operations in Latin America*

On 25 February 2018, ZIG announced the entry into an agreement to acquire the operations of Australian insurer QBE Insurance Group Limited (QBE) in Latin America for a total aggregate price of USD 409 million, subject to closing adjustments and to regulatory approvals.

### *Placement of USD 500 million of Dated Subordinated Notes*

On 14 February 2018 it was announced that ZIC had completed the placement of USD 500 million of dated subordinated notes which will mature in October 2048 and are first callable in October 2028. The coupon is fixed at 4.875% until the first call date.

### *Early redemption of USD 500 million of perpetual capital notes*

On 18 January 2018, ZIC exercised its option to redeem USD 500 million of perpetual capital notes, issued in 2012. The perpetual capital notes were redeemed at par plus accrued interest.

### **Amendments to and implementation of new accounting standards**

The following are new accounting standards or amendments to and interpretations of standards relevant to the ZIC Group that have been implemented from the financial year beginning 1 January 2018, with no material impact on the ZIC Group's financial position or performance. In addition to the standards and amendments listed below, the ZIC Group also incorporated amendments resulting from the IASB annual improvements project, which relate primarily to disclosure enhancements.

- IFRS 15 "Revenue from Contracts with Customers" will be effective on or after 1 January 2018.
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" will be effective on or after 1 January 2018.
- Amendments to IFRS 4 "Applying IFRS 9 with IFRS 4" will be effective on or after 1 January 2018.<sup>1</sup>
- Amendments to IAS 40 "Transfers of Investment Property" will be effective on or after 1 January 2018.
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" will be effective on or after 1 January 2018.

The following are new accounting standards or amendments to and interpretations of standards relevant to the ZIC Group, which are not yet effective and are not expected to have a material impact on the ZIC Group's financial position or performance, unless stated otherwise.

- IFRS 16 "Leases"<sup>2</sup> will be effective on or after 1 January 2019.
- IFRIC 23 "Uncertainty over Income Tax Treatments" will be effective on or after 1 January 2019.
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" will be effective on or after 1 January 2019.
- IFRS 9 "Financial Instruments"<sup>3</sup> will be effective on or after 1 January 2021.<sup>4</sup>
- IFRS 17 "Insurance Contracts"<sup>5</sup> will be effective on or after 1 January 2021.

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<sup>1</sup> Following the amendment to IFRS 4 "Applying IFRS 9 with IFRS 4" issued in September 2016 that allows qualifying insurance companies to defer the implementation of IFRS 9 "Financial Instruments" up to January 2021, the ZIC Group concluded that it is eligible for this temporary deferral and the applicable effective date was updated from January 2018 to January 2021.

<sup>2</sup> The ZIC Group expects the new standard to impact the accounting of contracts where it acts as a lessee (and intermediate lessor) especially on real estate which is not expected to have a material impact on the total amount of assets and liabilities.

<sup>3</sup> Expected to result in a significant portion of financial assets currently classified as available-for-sale being classified as at fair value through profit or loss. Credit allowances for financial assets carried at amortised cost and debt securities measured at fair value, with changes in fair value recognised in other comprehensive income, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets might be classified as at fair value through profit or loss under the fair value option.

<sup>4</sup> As per footnote 1 above.

<sup>5</sup> IFRS 17 'Insurance contracts' was published on 18 May 2017 with the effective date of 1 January 2021 (retrospective application). IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk

- Amendments to IFRS 9 “Prepayment Features with Negative Compensation” will be effective on or after 1 January 2021.

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adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross written premium will no longer be presented in profit or loss.

**Board of Directors of ZIC**

<u>Name</u>	<u>Nationality</u>	<u>Function</u>	<u>Principal Occupation</u>
Michael M. Liès	Luxembourg	Chairman of the Board	<p><b>Skills and experience</b></p> <p>Michel Liès has forty years' experience in global insurance and reinsurance, life insurance, and property and casualty insurance. He has held a number of positions in the industry, including Group CEO of Swiss Re. He began his career at the reinsurer in 1978, working first in the life market in Latin America before moving to Europe in 1983, where he held a number of senior positions within Swiss Re's life businesses. In 1994 he moved into Swiss Re's non-life sector, with responsibility for southern Europe and Latin America. From 1998 he served as Swiss Re's Head of Latin America Division until 2000, when he was appointed Head of the Europe Division of its Property &amp; Casualty Business Group. In 2005 he became Swiss Re's Head Client Markets with responsibility for client relationships worldwide, and was also appointed as a member of the reinsurer's Group Executive Committee. From 2011 to 2012 Mr. Liès served as Swiss Re's Chairman of Global Partnerships, which works with governments, international development bodies and non-governmental organizations (NGOs) to mitigate and address global risks and increase resilience. He was appointed Swiss Re's Group CEO in February 2012 and served in that role until his retirement from Swiss Re in 2016. He became Chairman of the Board of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2018.</p> <p><b>Committee membership</b></p> <p>Governance, Nominations and Corporate Responsibility Committee (Chairman), Remuneration Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>None</p> <p><b>Educational background</b></p> <p>Mr. Liès holds a master's degree in mathematics from the Swiss Federal Institute of Technology in Zurich (ETH).</p>
Christoph Franz	Swiss and German	Vice-Chairman of the Board	<p><b>Skills and experience</b></p> <p>Christoph Franz started his professional career in 1990 at Deutsche Lufthansa AG. From 1994 until 2003 he held different executive functions at Deutsche Bahn AG, including as member of the executive board and CEO of the passenger transport division. In 2004 he became CEO of Swiss International Air Lines Ltd, and in 2009 was promoted to the role of deputy chairman of the executive board of Deutsche Lufthansa AG and CEO Passenger Airlines. From 2011 to 2014, Mr. Franz was chairman of the executive board and CEO of Deutsche Lufthansa AG. He became a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2014. He was elected Vice-Chairman in April 2018.</p>

			<p><b>Committee membership</b></p> <p>Remuneration Committee (chairman), Governance, Nominations and Corporate Responsibility Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>Mr. Franz was elected chairman of the board of Roche Holding Ltd in March 2014. He is also a member of the board of directors of Stadler Rail. Mr. Franz serves as a member of the board of trustees of the Ernst-Goehner-Foundation, of Avenir Suisse and of the Lucerne Festival and is a member of the advisory board of the University of St. Gallen (HSG). He was named as an honorary professor of business administration at the University of St. Gallen in May 2017. In September 2017, the International Committee of the Red Cross (ICRC) appointed Mr. Franz as a member of its Assembly, the organization's top governing body.</p> <p><b>Educational background</b></p> <p>Mr. Franz studied industrial engineering at the Technical University Darmstadt (Germany) and completed his studies with a Ph.D. in economic sciences (Dr. rer. pol.) at the same university. He also studied at the Ecole Centrale de Lyon (France) and conducted post-doctorate research at the University of California, Berkeley.</p>
Joan Amble	American	Member of the Board	<p><b>Skills and experience</b></p> <p>Joan Amble has substantial financial industry experience. She started her professional career as an accountant with Ernst &amp; Ernst (currently Ernst &amp; Young) in 1977. From 1984 to 1989 she served at the Financial Accounting Standards Board (FASB), specializing in pensions, derivatives and other financial instruments. She then spent 14 years with the General Electric Company (GE) in various leadership roles, including CFO GE Real Estate, COO and CFO GE Capital Markets, and as vice president and chief accounting officer GE Financial Services. From 2004 to May 2011, Ms. Amble served as executive vice president and principle accounting officer, and until the end of 2011 as executive vice president, Finance, of the American Express Company. In December 2011, Ms. Amble completed a four-year term as a member of the Financial Accounting Standards Advisory Council (FASAC). She has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.</p> <p><b>Committee membership</b></p> <p>Risk and Investment Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>Ms. Amble is a member of the board of Sirius XM Satellite Radio, where she chairs the audit committee. In addition, she is a member of the board and the audit committee at Booz Allen Hamilton. In January 2015, Ms. Amble was appointed to the Public Company Accounting</p>



			<p>Oversight Board's Standing Advisory Group, which advises on the development of auditing and professional practice standards. Since October 2016, Ms. Amble has been an independent adviser to the Control and Risk Committee of the Executive Committee of the U.S. affiliate of Société Générale S.A., a French multinational banking and financial services company. She is also involved in developing women in business, including as chair emeritus and co-founder of W.O.M.E.N in America, LLC and through her various speaking engagements. Ms. Amble also participates in forums and speaks on corporate governance.</p> <p><b>Educational background</b></p> <p>Ms. Amble received a Bachelor of Science in accounting from The Pennsylvania State University, and later became a certified public accountant (currently inactive).</p>
Catherine Bessant	American	Member of the Board	<p><b>Skills and experience</b></p> <p>Catherine Bessant is chief operations and technology officer at Bank of America and a member of the Bank of America's executive management team. Since joining Bank of America in 1982 as a corporate banker, she has held numerous senior leadership positions within that company: president of Global Product Solutions and Global Treasury Services; chief marketing officer; president of Consumer Real Estate and Community Development Banking; national Small Business Segment executive; and market president of Bank of America, Florida. Prior to being appointed to her current position, Ms. Bessant served as president of Global Corporate Banking. Ms. Bessant has led Bank of America's Global Technology and Operations since 2010. In that role she is responsible for end-to-end technology and operating services across the company, overseeing nearly 95,000 employees and contractors in more than 35 countries. She became a member of the Board of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in March 2017.</p> <p><b>Committee membership</b></p> <p>Remuneration Committee, Audit Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>Ms. Bessant is on the advisory board of the Ross School of Business at the University of Michigan. She previously served 16 years on the board of directors of Florida Blue, formerly Blue Cross Blue Shield of Florida, including serving as lead independent director.</p> <p><b>Educational background</b></p> <p>Ms. Bessant holds a Bachelor of Business Administration from the University of Michigan Ross School of Business.</p>
Dame Alison Carnwath	British	Member of the Board	<p><b>Skills and experience</b></p> <p>Dame Alison Carnwath has substantial financial industry experience. She began her career with Peat Marwick Mitchell, now KPMG, where she practiced as a chartered accountant from 1975 to 1980. From 1980 to 1982, she</p>

			<p>worked as a corporate financier for Lloyds Bank International. From 1982 to 1993, she was assistant director, then director, at J. Henry Schroder Wagg &amp; Co in London and New York. From 1993 to 1997, Ms. Carnwath was a senior partner at the financial advisory firm Phoenix Partnership. The firm was taken over by Donaldson, Lufkin &amp; Jenrette (DLJ) in late 1997; she continued working for DLJ until 2000. Ms. Carnwath has held several board offices. From 2000 to 2005, she was the chairman of the board of Vitec Group plc, from 2001 to 2006 a director of Welsh Water, from 2004 to 2007 of Friends Provident plc, from 2004 to 2007 of Gallaher Group and from 2007 to 2010, she was the independent chairman of MF Global Inc. She also served on the boards of directors of Barclays from 2010 to 2012, and of Man Group plc from 2001 to 2013. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2012.</p> <p><b>Committee membership</b></p> <p>Audit Committee (chairman), Governance, Nominations and Corporate Responsibility Committee, Risk and Investment Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>Ms. Carnwath has been a senior advisor of Evercore Partners since 2011. She has been chairman of the board of Land Securities Group plc since 2008 and a member of the board of PACCAR Inc. since 2005. In September 2013, she was appointed to the advisory council of the St. George's Society of New York. Since May 2014 she has been a member of the supervisory board of BASF SE and Chairman of the Audit Committee of BASF SE.</p> <p><b>Educational background</b></p> <p>Ms. Carnwath graduated in economics and German from the University of Reading. She was awarded honorary doctorates (LLB) from the University of Reading and the University of Exeter.</p>
Jeffrey Hayman	American	Member of the Board	<p><b>Skills and experience</b></p> <p>Mr. Hayman began his career as a claims representative in the property and casualty department of Travelers Companies in the U.S. in 1983, where he later held several positions. In 1998 he joined AIG as regional vice president, personal lines at AIU Far East in Japan. Beginning in 2003, he held various leadership positions within AIG, including as chairman of AIU Insurance Company in Japan and president and CEO of AIU Far East Holdings, Japan and Korea. From 2009 to 2011, Mr. Hayman served as senior vice president and chief administrative officer, and from 2011 to 2013 as executive vice president and CEO, Global Consumer Insurance, at AIG. In 2013 he served as president of international insurance operations at Starr Companies. He then became an independent consultant and advisor. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.</p>

			<p><b>Committee membership</b></p> <p>Risk and Investment Committee (chairman), Governance, Nominations and Corporate Responsibility Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>None</p> <p><b>Educational background</b></p> <p>Mr. Hayman holds an MBA in finance from the University of Hartford, Barney School of Business and Public Administration, West Hartford, and a bachelor's degree in arts, economics and political science from Saint Olaf College, Northfield. He is a chartered life underwriter and a chartered financial consultant.</p>
Monica Mächler	Swiss	Member of the Board	<p><b>Skills and experience</b></p> <p>Monica Mächler has substantial legal, regulatory and governance expertise in a national and international context. She served as vice-chair of the board of directors of the integrated Swiss Financial Market Supervisory Authority (FINMA) from 2009 to 2012, after having been the director of the Swiss Federal Office of Private Insurance from 2007 to 2008. From 2010 to 2012, Ms. Mächler chaired the Technical Committee of the International Association of Insurance Supervisors (IAIS). She assumed the roles of Group General Counsel and Head of the Board Secretariat of Zurich Insurance Group from 1999 to 2006 and was appointed a member of the Group Management Board in 2001 after joining in 1990. During the years 1985 to 1990 she was in private practice specializing in banking and business law. Ms. Mächler has been a member of several Swiss federal expert commissions on regulatory projects and regularly speaks, lectures and publishes on matters related to international business law and regulation, and their impact. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2013.</p> <p><b>Committee membership</b></p> <p>Governance, Nominations and Corporate Responsibility Committee, Audit Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>Ms. Mächler has been a member of the supervisory board of directors of Deutsche Börse AG since May 2012 and since April 2015 a member of the board of directors of Cembra Money Bank AG. Further, she has been a member of the board of directors of GAM Holding AG since April 2018. She also chairs the advisory board of the International Center for Insurance Regulation at the Goethe University Frankfurt am Main and serves on the boards of the Stiftung für schweizerische Rechtspflege and of the Europa Institut at the University of Zurich.</p>

Kishore Mahbubani	Singapore	Member of the Board	<p><b>Skills and experience</b></p> <p>Kishore Mahbubani began his career in 1971 as a diplomat with the Singapore Foreign Service, in which he served until 2004, with postings in Cambodia, Malaysia, Washington D.C. and New York. He served two postings as Singapore’s ambassador to the UN and as President of the UN Security Council in January 2001 and May 2002. Mr. Mahbubani was permanent secretary of the Singapore Foreign Ministry from 1993 to 1998. He served as dean at the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from its founding in 2004 until end of 2017. He continues to be a professor in the practice of public policy at the NUS. He has spoken and has published extensively on geopolitical and economic issues. In 2013 the Financial Times chose one of his books, ‘The Great Convergence: Asia, the West and the Logic of One World,’ as one of the best books about economics in that year. His latest book, ‘The ASEAN Miracle,’ was published in March 2017. He has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.</p> <p><b>Committee membership</b></p> <p>Remuneration Committee, Risk and Investment Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>In September 2017 he was appointed non-executive chairman of the board of Aggregate Asset Management. Since January 2016 he has also been an independent director of the board of Wilmar International Limited, Singapore. In addition, he serves on boards and councils of several institutions in Singapore, Europe and North America, including Yale’s President’s Council on International Activities (PCIA), the University of Bocconi International Advisory Committee, the World Economic Forum’s Global Agenda Council on Geo-economics, and as chairman of the Lee Kuan Yew World City Prize Nominating Committee.</p> <p><b>Educational background</b></p> <p>Mr. Mahbubani graduated with a first-class honors degree in philosophy from the University of Singapore and an M.A. in philosophy from Dalhousie University, Canada, where he was also awarded an honorary doctorate.</p>
David Nish	British	Member of the Board	<p><b>Skills and experience</b></p> <p>Mr. Nish started his professional career in 1981 at Price Waterhouse (now PWC) in the UK, where he served as an audit and transaction partner from 1993 to 1997. In 1997, he joined ScottishPower plc as deputy finance director, and in 1999 he was promoted to group finance director, a role he held until 2005 when he became executive director responsible for the division operating ScottishPower’s regulated transmission and distribution business. In 2006, Mr. Nish became group finance director at global investment management and life insurance group Standard Life plc, and was promoted to</p>

		<p>group CEO of Standard Life plc in 2010, a position he held until 2015. He has also served as deputy chairman of the Association of British Insurers, and as a member of TheCityUK board advisory committee, and as a member of the financial services advisory board of the Scottish government. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.</p> <p><b>Committee membership</b></p> <p>Audit Committee, Risk and Investment Committee</p> <p><b>Other directorships within the Zurich Insurance Group</b></p> <p>Zurich Insurance Group Ltd</p> <p><b>External appointments</b></p> <p>David Nish is a non-executive director of HSBC Holdings plc, Vodafone Group plc and of the London Stock Exchange Group plc. He is a member of the Council of the Institute of Chartered Accountants of Scotland. His former appointments include non-executive directorships at UK Green Investment Bank plc, HDFC Life (India), Northern Foods plc, Thus plc, and the Royal Scottish National Orchestra.</p> <p><b>Educational background</b></p> <p>Mr. Nish holds a bachelor's degree in accountancy from the University of Glasgow and is a chartered accountant with the Institute of Chartered Accountants of Scotland.</p>
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The business address of each member of the Board of Directors is Mythenquai 2, CH-8002 Zurich, Switzerland.

The Board of Directors consists entirely of directors who are non-executive, independent from the management and who – except for Monica Mächler – have never held an executive position in the Zurich Insurance Group. Monica Mächler held an executive position until 2006 and was elected in 2013 as a non-executive board member. According to the guidelines of the Swiss Code of Best Practice for Corporate Governance, she is considered independent.

All directors also serve on the Board of Directors of ZIG. As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties of any member of the Board of Directors of ZIC owed to ZIC and their private interests and/or other duties. If a potential conflict arises in the future, it would be subject to the applicable provisions of Swiss company law and the organisational rules of ZIC relating to proceedings at meetings of the Board of Directors.

#### **Executive Committee of ZIC**

<u>Name</u>	<u>Nationality</u>	<u>Function</u>
Mario Greco	Italian	Group Chief Executive Officer
Urban Angehrn	Swiss	Group Chief Investment Officer
Jeff Dailey	U.S. American	CEO of Farmers Group, Inc.
Claudia Dill	Swiss	CEO Latin America
Jack Howell	U.S. American	CEO Asia Pacific
Alison Martin	British	Group Chief Risk Officer
George Quinn	British	Group Chief Financial Officer
Kathleen Savio	U.S. American	CEO North America

Gary Shaughnessy	British	CEO EMEA (Europe, Middle East & Africa)
James Shea	Canadian	CEO Commercial Insurance
Kristof Terryn	Belgian	Group Chief Operating Officer

On 5 April 2018, it was announced that Gary Shaughnessy will step down from his role as Chief Executive Officer Europe, Middle East & Africa (EMEA) and as a member of Zurich's Executive Committee in the fourth quarter of 2018. Amanda Blanc (a British citizen) will succeed Mr. Shaughnessy as CEO EMEA and as a member of the Executive Committee in the fourth quarter of 2018.

The business address of each member of the Executive Committee of ZIC is Mythenquai 2, CH-8002 Zurich, Switzerland. As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties of any member of the Executive Committee of ZIC owed to ZIC and their private interests and/or other duties. If a potential conflict arises in the future, it would be subject to the applicable provisions of Swiss company law and the organisational rules of ZIC relating to proceedings at meetings of the Executive Committee of ZIC.

## Regulation

ZIC conducts its operations in Switzerland under operating licenses for all lines of general insurance business. The operations of ZIC are subject to continued supervision by the Swiss Financial Market Supervisory Authority ("FINMA") based on the Swiss ISA (as defined on page 12) that came into force on 1 January 2006. Under Swiss law, risk-based capital requirements (target capital) under the SST (as defined on page 12) were introduced on 1 January 2011, similar to the Solvency II regime in the European Union ("EU"). Under the SST regime, Swiss insurance companies must always maintain risk-bearing capital exceeding the amount of the calculated target capital. Where required by bilateral treaty, Swiss insurance companies must furthermore maintain a "solvency margin" in accordance with Solvency I, similar to the EU solvency margin regime ("Solvency I"). The only bilateral treaty in force is the "Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than life insurance", still requiring the application of Solvency I for the General Insurance business. Swiss insurers also have to maintain tied assets that secure all known and estimated liabilities of the insurance company vis-à-vis the insured arising out of insurance contracts. The law requires Swiss supervised insurance companies and groups to maintain a risk management system appropriate to its business activities and to establish effective internal control systems. It also requires every Swiss insurance company to designate an appointed actuary who has to provide certain reports to management. Swiss law further introduces rules regarding the supervision of insurance groups and insurance conglomerates. These include the requirement to calculate a group solvency margin as well as a group risk based capital based on an internal model. The reporting of intra-group transactions is also required. Under the group supervision rules and based on a FINMA decree of 28 December 2011 the Zurich Insurance Group qualifies as an insurance group.

The different insurance and financial services subsidiaries of the Zurich Insurance Group are supervised by their relevant local regulators and may be subject to regulatory restrictions on the amount of dividends, cash loans and advances which can be remitted to ZIC or ZIG respectively.

## LEGAL, COMPLIANCE AND REGULATORY DEVELOPMENTS, PROCEEDINGS AND INVESTIGATIONS

### Legal Compliance and Regulatory Developments

In recent years there has been an increase in the number of legislative initiatives that require information gathering and tax reporting regarding the Zurich Insurance Group's customers and their contracts, including FATCA (as defined on page 14), and the expected introduction of other automatic tax information exchange regimes based on the CRS (as defined on page 21). The Zurich Insurance Group's compliance activities in this area could result in higher compliance costs, remedial actions and other related expenses for its life insurance, savings and pension business. There has also been increased scrutiny by various tax and law enforcement officials regarding cross-border business activities, including in particular by U.S. government authorities looking into activities of U.S. taxpayers with investments held outside the United States and activities of non-U.S. financial institutions that hold such investments.

The Zurich Insurance Group, on its own initiative, undertook an internal review of the life insurance, savings and pension business sold by its non-U.S. operating companies with relevant cross-border business to customers with a nexus to the United States. The Zurich Insurance Group engaged outside counsel and other advisors to assist in this review, which was focused on assessing compliance with relevant U.S. tax laws. The review confirmed that the Zurich Insurance Group's cross-border business with U.S. persons was very limited and of a legacy nature, with the large majority of sales having occurred more than a decade ago. The review also confirmed that the Zurich Insurance Group's U.S. operating companies were not involved in or connected to those activities.

The Zurich Insurance Group has voluntarily disclosed the results of the review and the regulatory issues presented by sales to U.S. residents to FINMA, the U.S. Department of Justice and other authorities. The Zurich Insurance Group is cooperating with these authorities.

While at this stage in the process, it is unclear whether the ZIC Group will have any liability related to these matters, the ZIC Group does not currently believe this matter will have a material adverse effect on the ZIC Group's business or the ZIC Group's consolidated financial condition.

## **Legal Proceedings and Regulatory Investigations**

The Zurich Insurance Group's business is subject to extensive supervision, and the Zurich Insurance Group is in regular contact with various regulatory authorities. The Zurich Insurance Group is continuously involved in legal proceedings, claims and regulatory investigations arising, for the most part, in the ordinary course of its business operations.

### ***General***

While the ZIC Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the ZIC Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved.

## ZURICH FINANCE (LUXEMBOURG) S.A.

Zurich Finance (Luxembourg) S.A. was incorporated on 19 May 1999, and operates under the Luxembourg law dated 10 August 1915 concerning commercial companies, as amended, as a public limited liability company (*société anonyme*). It is registered with the Luxembourg trade and companies register under number B.69.748. The registered office of ZF (Luxembourg) is at 21 rue Léon Laval, L-3372, Leudelange, Luxembourg and its telephone number is +352 26 64 26 34. ZF (Luxembourg) has no subsidiaries.

ZF (Luxembourg) is a wholly owned subsidiary of ZIC.

On 9 May 2016, ZF (Luxembourg) completed a merger with Zurich Group Funding Luxembourg S.A. (“ZGF”), with ZF (Luxembourg) as the surviving entity following the merger. ZGF, which was incorporated in Luxembourg, was a subsidiary of ZIC which provided certain financing services to the ZIC Group and conducted no other business nor had any employees. The total assets and liabilities of ZGF amounted to EUR 2,236,000, and, under the terms of the merger, ZF Luxembourg issued to ZGF shareholders 9,699 ordinary shares, each with a par value of EUR 100, together with the payment of a share premium amounting to EUR 1,266,100.

The subscribed and fully paid up capital of ZF (Luxembourg) is EUR 3,020,700 divided into 30,207 ordinary shares in registered form, each with a par value of EUR 100.

ZF (Luxembourg) is a group financing company and it is not engaged in and does not propose to engage in any activity other than issuing the Notes and entering into other financing transactions.

In general, ZF (Luxembourg) may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate purposes.

The corporate objects of ZF (Luxembourg) are primarily to raise finance for members of the ZIC Group.

The members of the Board of Directors of ZF (Luxembourg) are:

<b><u>Name</u></b>	<b><u>Function</u></b>	<b><u>Business Address</u></b>
Andreas Bergandt	Director	Saumstrasse 25, CH-8003 Zurich, Switzerland
Ann Marie Callanan	Director	Ardleigh, Two Mile Borris, Thurles Co. Tipperary Ireland
Xavier Nevez	Director	21 rue Léon Laval, L-3372, Leudelange, Luxembourg

As of the date of this Base Prospectus, no member of the Board of Directors of ZF (Luxembourg) has any conflicts of interests between his duties to ZF (Luxembourg) and his private interests and other duties. If a potential conflict arises in the future, it would be subject to the provisions in the articles of association relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (Luxembourg) begins on 1 January and terminates on 31 December of each year.



## ZURICH FINANCE (UK) PLC

Zurich Finance (UK) plc (“ZF (UK)”) is a wholly owned subsidiary of Allied Zurich Holdings Limited (a company registered in Jersey, Channel Islands, under number 71060, which in turn is a subsidiary of ZIC). ZF (UK) operates and was incorporated and registered in England and Wales on 18 June 2002 under the Companies Act 1985 as a public limited company with company number 4463547. The registered office of ZF (UK) is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX and its telephone number is +44 (0)1793 514514. ZF (UK) has no subsidiaries. ZF (UK) is a group financing company and does not propose to engage in any activity other than issuing the Notes and entering into other financing transactions.

ZF (UK)’s authorised share capital is GBP 50,000,000, divided into 50,000,000 ordinary shares of GBP 1.00 each. The issued and fully paid up capital of ZF (UK) is GBP 50,000 divided into 50,000 shares of GBP 1.00 each.

The primary purpose of ZF (UK) is to raise capital to finance the operations of members of the Zurich Insurance Group

The members of the Board of Directors of ZF (UK) are:

<u>Name</u>	<u>Function</u>	<u>Business Address</u>
Christian Carl	Executive Director and Chairman	Mythenquai 2, 8002 Zurich, Switzerland
Aileen Mathieson	Executive Director	Tricentre One, New Bridge Square, Swindon, SN1 1HN
Helen Pickford	Executive Director	Tricentre One, New Bridge Square, Swindon, SN1 1HN

As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties owed by any member of the Board of Directors of ZF (UK) to ZF (UK) and his private interests or other duties. If a potential conflict arises in the future, it would be subject to the provisions of the articles of association relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (UK) begins on 1 January and terminates on 31 December of each year.

## ZURICH HOLDING COMPANY OF AMERICA, INC.

### GENERAL INFORMATION

Zurich Holding Company of America, Inc. (“ZHCA”) was incorporated in the state of Delaware, USA, on 22 September 1980 as a for profit corporation for an unlimited duration under the Delaware General Corporation Law. The registered office of ZHCA in Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA. ZHCA is registered with the Delaware Secretary of State under number 0899665. ZHCA’s corporate offices are located at 1299 Zurich Way, Schaumburg, IL 60196, USA (telephone number +1 847-605-6000).

#### Share capital and shareholding

ZHCA is a for profit corporation and is an indirect wholly-owned subsidiary of ZIG and ZIC. ZHCA is authorised to issue 50,000 common shares all of which are without par value. Its issued share capital as at the date of this Base Prospectus is \$20,308.

Article 6 of the by-laws of ZHCA regulates the transferability of ZHCA's shares.

#### Group structure

ZHCA is 100 per cent indirectly owned by ZIG, and therefore ZHCA and its subsidiaries are members of the Zurich Insurance Group. ZIG is a publicly traded Swiss holding company listed on the SIX Swiss Exchange.

To the extent known to ZHCA, there are no arrangements which may at a subsequent date result in a change in control of ZHCA.

#### Financial information

Under the laws of ZHCA’s jurisdiction of incorporation, the financial statements of ZHCA are not required to be audited as at the date of this Base Prospectus.

ZHCA’s financial statements are therefore unaudited but conform to International Accounting Standards and to ZIG’s internal accounting policies. In particular, these financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, (“IFRS”) except that no notes have been prepared.

ZHCA’s consolidated unaudited financial information for the years ended 31 December 2017 and 2016 are incorporated by reference herein, and are accessible on the Luxembourg Stock Exchange, ([www.bourse.lu](http://www.bourse.lu)).

#### Management

As at the date of this Base Prospectus, the board of directors of ZHCA (all of whom, except for Richard P. Kearns, are employees of ZHCA or some other entity within the Zurich Insurance Group) comprise:

Name	Title	Principal outside activity (if any) of significance to the Issuer/Zurich Insurance Group
Kathleen A. Savio	Chairperson	None
David Dietz	Director	None
Richard P. Kearns	Director	None
Dalynn J. Hoch	Director	None

The business address of Kathleen A. Savio, Richard P. Kearns and Dalynn J. Hoch is 1299 Zurich Way, Schaumburg, IL 60196. The business address of David Deitz is One Liberty Plaza, 150 Greenwich Street, New York, NY 10007.

Other than as disclosed above, none of the directors listed above has any significant principal activities outside ZHCA (or, as the case may be, the Zurich Insurance Group). To the extent known to ZHCA, there are no potential conflicts of interest between duties owed by the directors listed above to ZHCA (or, as the case may be, the Zurich Insurance Group) and their private interests or other duties.

ZHCA complies with all applicable rules relating to corporate governance in force from time to time under the laws of its state of incorporation, Delaware, USA.

#### Principal activities

The main activity of ZHCA is to act as the holding company for certain of ZIG's principal operating subsidiaries in the United States of America.

Pursuant to Article 3 of its Certificate of Incorporation, the purpose of ZHCA is to engage in any lawful act or activity for which a corporation may be organised under the General Corporate Law of Delaware.

ZHCA's two main operating insurance company subsidiaries are Zurich American Insurance Company Inc. ("**ZAIC**") and Zurich American Life Insurance Company ("**ZALICO**"). ZAIC is a commercial property-casualty insurance provider domiciled in New York. ZALICO is a life and disability insurance company domiciled in Illinois.

### **Zurich American Insurance Company**

ZAIC is the lead company and ultimate parent of a group of wholly-owned property and casualty insurance companies based in the United States of America. ZAIC was incorporated under the insurance laws of the State of New York on 3 June 1998. All of the outstanding shares of ZAIC are owned by ZHCA.

ZAIC and its insurance subsidiaries contribute a substantial part of the worldwide general insurance premiums of ZIG and are integral to its international insurance strategy. As such ZAIC and its insurance subsidiaries market a variety of commercial property and casualty insurance products including professional liability and workers' compensation insurance, as well as risk management products and services, primarily through independent insurance agents and brokers, to domestic and international companies in all 50 states of the United States of America, the U.S. territories and foreign markets.

Central to ZAIC's business strategies are its customer-focused business units, which are supported by shared service units. These customer-focused business units operate through independent agents and brokers that have access to products and services through a nationwide network of four regional offices and 58 field offices.

ZAIC is divided into two business units:

- North America Commercial Insurance; and
- Alternative Markets.

#### **North America Commercial Insurance:**

North America Commercial Insurance is a new business unit formed on 1 January 2017 by combining the "Global Corporate in North America" and "North America Commercial" businesses. North America Commercial Insurance comprises five business segments: property, casualty, construction, middle markets and specialty products.

North America Commercial Insurance's core property and casualty lines provide a broad variety of insurance and risk management services including custom-tailored casualty programs to large customers with global exposures based in North America. The business unit also provides standard property and casualty and industry specific specialty lines for targeted customer industry segments.

Specialty Products offers insurance and risk management services, comprising coverage for emerging, potentially volatile and unique third-party liability exposures through five strategic business segments – (a) Accident and Health, (b) Casualty and Property, (c) Credit and Political Risk, (d) Management Solutions, and (e) Surety.

#### **Alternative Markets:**

Alternative Markets is a distinct business comprised of Programs, Direct Markets, Group Captives, and Crop that capitalises on its distinctive operating and distribution models to effectively deliver products and services that meet its customers' needs.

- Programs provides a variety of coverage including commercial auto, general liability, professional liability, excess liability and property exposures for various target businesses and industry segments.
- Direct Markets specialises in providing insurance for businesses that sell or service autos, trucks, motorcycles and equipment, and also provides insurance to auto recyclers. The business was started by a group of auto dealers in 1922.
- For more than 20 years, Zurich Group Captives has been delivering a wide range of services to member-owned, agency, association, and segregated portfolio captives.
- Zurich Crop (Doing business as: Rural Community Insurance Services or RCIS) provides insurance and customer-focused services through leading agents to protect America's farmers and ranchers through Rural Community Insurance Company.

### **Zurich American Life Insurance Company**

ZALICO is a stock life insurance company founded in 1947. ZALICO is a wholly owned subsidiary of Zurich American Corporation, a non-operating holding company, which itself is fully owned by ZHCA. ZALICO is incorporated under the insurance laws of the State of Illinois and is licensed in the District of Columbia and all states of the United States of America, with the exception of New York. ZALICO has three operating segments - Affluent Markets Group ("**AMG**"), Corporate Life and Pensions ("**CLP**") and Private Placements (PP).

In late 2010, the company established a new subsidiary, Zurich American Life Insurance Company of New York ("**ZALICONY**"), to serve the New York market and was granted its license on 1 January 2012 from the New York State Department of Insurance. ZALICONY was capitalised by its parent, ZALICO, and ZALICO is its sole shareholder.

ZALICO and ZALICONY focus on growing the AMG, CLP and PP businesses. AMG products include universal life and term life products sold through independent life insurance brokers via wholesale distributors (i.e. brokerage general agencies). PP products include private placement universal life and private placement variable annuities sold through U.S. based private banking

groups and broker-dealer affiliated registered representatives/brokers. The CLP segment targets multinational corporations and offers group term life, long/short term disability and absence management services.

**Payments in relation to Notes issued by ZHCA**

It is anticipated that all scheduled payments of principal, premium (if any) and interest (and any additional amounts with respect thereto) due under any Notes issued by ZHCA will be made by ZHCA out of cash flow derived from the operations of the ZHCA and its subsidiaries.

## ZURICH FINANCE (AUSTRALIA) LIMITED

Zurich Finance (Australia) Limited (“**ZF (Australia)**”) is a wholly owned subsidiary of ZIC. It operates and was incorporated and registered in Australia on 29 March 2017 under the Corporations Act 2001 of Australia as a public company, limited by shares with Australian Company Number (ACN) 618 177 423. The registered office of ZF (Australia) is 5 Blue Street, North Sydney 2060, New South Wales, Australia and its telephone number is +61 2 9995 1041. ZF (Australia) has no subsidiaries. ZF (Australia) is a group financing company and does not propose to engage in any activity other than issuing Notes and entering into other financing transactions.

The issued and fully paid up capital of ZF (Australia) is A\$1.00 comprising one share of A\$1.00 each.

The primary purpose of ZF (Australia) is to raise capital to finance the operations of members of the Zurich Insurance Group.

The members of the Board of Directors of ZF (Australia) are:

<b><u>Name</u></b>	<b><u>Function</u></b>	<b><u>Business Address</u></b>
Jose Rafael Uy	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia
Michael Vos	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia
Ashley Wilson	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia

As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties owed by any member of the Board of Directors of ZF (Australia) to ZF (Australia) and his or her private interests or other duties. If a potential conflict arises in the future, it would be subject to the provisions of the constitution of ZF (Australia) relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (Australia) begins on 1 January and terminates on 31 December of each year.

## FORM OF ZIC SENIOR GUARANTEE

This senior guarantee is made on the date of issue of the relevant tranche of notes as specified in the Schedule hereto between:

- (1) ZURICH INSURANCE COMPANY LTD of Mythenquai 2, CH-8002 Zurich, Switzerland, a company incorporated with limited liability under the laws of Switzerland (the “**Guarantor**”); and
- (2) CITICORP TRUSTEE COMPANY LIMITED, of 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, acting as trustee for the Noteholders (as defined below) (the “**Trustee**”, which expression shall, where the context so admits, include such company and all other persons or companies for the time being the trustee or trustees under the amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented (the “**Trust Deed**”), between, inter alia, the Guarantor, the Trustee and the Issuer (as defined below)).

### WHEREAS

- (A) Zurich Finance (Luxembourg) S.A., Zurich Finance (UK) plc, Zurich Finance (Australia) Limited and Zurich Holding Company of America, Inc., as issuers, have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of Euro Medium Term Notes in an aggregate principal amount of up to USD18,000,000,000 (or its equivalent in other currencies).
- (B) The issuer specified in the Schedule hereto (the “**Issuer**”) proposes to issue the relevant tranche of notes described in the Schedule hereto (the “**Senior Notes**”) on the issue date specified in the Schedule hereto (the “**Issue Date**”).
- (C) The Guarantor has agreed to guarantee to the Trustee up to a specified maximum amount the obligations of the Issuer to pay principal, interest and all other amounts payable on all outstanding Senior Notes and under the Trust Deed (the “**ZIC Senior Guarantee**”) for the benefit of the Trustee and the holders of the Senior Notes (the “**Noteholders**”).

References in this ZIC Senior Guarantee to a “Condition” are to the corresponding condition of the “Terms and Conditions of the Senior Notes” as set out in Schedule 1 Part A of the Trust Deed. Capitalised terms that are not defined in this ZIC Senior Guarantee will have the meanings given to them in the Terms and Conditions of the Senior Notes.

Any references in this ZIC Senior Guarantee to Senior Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. In respect of Senior Notes which are in bearer form, any references to “Noteholders” shall, unless the context otherwise requires, include any holders of related Coupons.

### 1. GUARANTEE

#### (1) ZIC Senior Guarantee

The Guarantor hereby irrevocably and unconditionally undertakes in its capacity as primary obligor and not merely as a surety, pursuant to Art. 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Senior Notes and the Trust Deed and waiving all rights of set off and of objection and defence arising from the Senior Notes and the Trust Deed to pay to the Trustee, acting on behalf of the Noteholders, within seven days after the receipt by the Guarantor of the Trustee’s first written demand for payment and the Trustee’s confirmation in writing that an amount due under the Senior Notes or the Trust Deed which is equivalent to the amount claimed under this ZIC Senior Guarantee has remained unpaid on the due date (the last day of such period of seven days being hereinafter referred to as the “**Seventh Day**”), such amount upon the following terms:

- (a) (**Status**) This ZIC Senior Guarantee constitutes a direct, non-accessory, unconditional, unsubordinated and unsecured obligation of the Guarantor ranking (subject as aforesaid) *pari passu* with all its other outstanding unsecured and unsubordinated obligations, present and future, save for statutorily preferred exceptions, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights;
- (b) (**Maximum Aggregate Liability**) The maximum liability of the Guarantor under this ZIC Senior Guarantee (including, in particular, all amounts payable under Clause 3 of this ZIC Senior Guarantee and all other amounts payable under this ZIC Senior Guarantee) shall not exceed in aggregate [*insert currency and amount*] (the “**Specified Maximum Amount**”), calculated in accordance with Note 1 of this ZIC Senior Guarantee (and as set out in the applicable Pricing Supplement for the Senior Notes) which may not be reduced for so long as any sum remains payable under the Senior Notes.
- (c) (**Rights held by the Trustee**) All rights arising from this ZIC Senior Guarantee shall be held exclusively by the Trustee and no Noteholder may take action directly against the Guarantor under this ZIC Senior Guarantee unless the Trustee having become Noteholder Mandated to take action, fails to do so within a reasonable period and such failure is continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Guarantor as those which the Trustee is entitled to exercise.
- (d) (**Payments**) The Guarantor agrees that any payments to be made by it hereunder shall be made to or to the order of the Trustee in the place of payment and in the currency specified in the Schedule hereto in immediately available funds before close of business in that city on the Seventh Day and any such payment shall to that extent, satisfy the obligation of the Guarantor under this ZIC Senior Guarantee.

## **(2) Guarantor's Obligations Continuing**

Subject to Clause 1(1)(b), the Guarantor's obligations under this ZIC Senior Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Senior Notes. Furthermore, the obligations of the Guarantor hereunder are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Issuer, any other person, any security or any other guarantee or indemnity.

## **(3) Exercise of Guarantor's Rights**

So long as any sum remains payable by the Issuer under the Senior Notes, no right of the Guarantor, by reason of the performance of any of its obligations under this ZIC Senior Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. Until all amounts which may be or become payable in respect of the Senior Notes have been irrevocably paid in full, the Guarantor shall not by virtue of this ZIC Senior Guarantee be subrogated to any rights of the Trustee or any Noteholder or claim in competition with the Trustee or the Noteholders against the Issuer.

## **(4) Avoidance of Payments**

Any settlement or discharge between the Guarantor and the Trustee in respect of this ZIC Senior Guarantee shall be conditional upon no payment to the Trustee or any Noteholder by the Issuer or any person on the Issuer's behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Trustee shall be entitled to recover from the Guarantor the amount by which such payment is so avoided or reduced as if such settlement or discharge had not occurred.

## **2. ACCEPTANCE**

The Trustee accepts this ZIC Senior Guarantee in its capacity as trustee for the Noteholders. Subject to Clause 1(1)(b), the Guarantor agrees to be bound by the provisions of Condition 8 (*Taxation*) as if set out in full in this ZIC Senior Guarantee.

## **3. CURRENCY INDEMNITY**

### **(1) Currency of Account and Payment**

The currency of the Senior Notes (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with this ZIC Senior Guarantee, including damages.

### **(2) Extent of Discharge**

Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of the enforcement of a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Guarantor or otherwise), by the Trustee in respect of any sum expressed to be due to it from the Guarantor will only discharge the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that day, on the first date on which it is practicable to do so).

### **(3) Indemnity**

If the Contractual Currency amount so purchased by the recipient is less than the Contractual Currency amount expressed to be due to the recipient under this ZIC Senior Guarantee, the Guarantor will, subject to Clause 1(1)(b), indemnify the recipient against any loss sustained by it as a result and will indemnify it against the cost of making any such purchase.

### **(4) Indemnity separate**

This indemnity constitutes a separate and independent obligation from the other obligations in this ZIC Senior Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this ZIC Senior Guarantee or any judgment or order, subject always to Clause 1(1)(b).

## **4. NOTICES**

Each notice or demand under this ZIC Senior Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under this ZIC Senior Guarantee shall be made or sent (airmail, postage prepaid, if sent by post to another country) to the Guarantor at the address, and for the attention of the person, from time to time designated by the Guarantor for the purposes of this ZIC Senior Guarantee. Any such notice or demand shall be effective when actually delivered to such address. The address, attention and telefax number of the Guarantor for notices or demands under this ZIC Senior Guarantee for the time being are as follows:

Zurich Insurance Company Ltd

Mythenquai 2

CH-8002 Zurich Fax: +41 (0)44 623 0300

Attention: Yannick Hausmann, Group General Counsel

With a copy to: Fax: +41 (0)44 628 2929

Attention: Head of Group Treasury and Capital Management

## **5. RIGHT OF PRODUCTION**

A copy of this ZIC Senior Guarantee will be deposited by the Guarantor with each of the paying agents appointed under the Agency Agreement. The Guarantor hereby acknowledges the right of each Noteholder to the production of a copy of this ZIC Senior Guarantee.

## **6. GOVERNING LAW AND JURISDICTION**

### **(1) Governing law**

This ZIC Senior Guarantee is governed by, and shall be construed in accordance with, the substantive laws of Switzerland.

### **(2) Jurisdiction**

Any dispute arising out of this ZIC Senior Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Noteholder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(c), shall fall exclusively within the jurisdiction of the courts of the City of Zurich, venue Zurich 1.

This ZIC Senior Guarantee has been entered into on the date stated at the beginning.



**ZURICH INSURANCE COMPANY LTD**

By:

By:

**CITICORP TRUSTEE COMPANY LIMITED**

By:

By:

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Note 1: \*The Specified Maximum Amount in respect of a relevant tranche of Senior Notes (other than Variable Notes (as defined below)) will be calculated as follows:

For Fixed Rate Notes:

For Floating Rate Notes:

For Zero Coupon Notes:

$$\text{SMA} = \text{RA} + (3 \times \text{I}) + \text{AA}$$

$$\text{SMA} = \text{RA} + (3 \times \text{EI}) + \text{AA}$$

$$\text{SMA} = \text{RA} + \text{AA}$$

where:

“**SMA**” means Specified Maximum Amount;

“**RA**” means the Final Redemption Amount of the Senior Notes, as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Senior Notes up to the first anniversary of the Issue Date;

“**EI**” means the estimated amount of interest payable on the Senior Notes up to the first anniversary of the Issue Date calculated on the basis that interest is payable for each interest period ending on or prior to such first anniversary at 1.5 times the rate fixed for the first interest period; and

“**AA**” means USD100,000 (or its equivalent in the currency of the Specified Maximum Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Senior Notes.

For Senior Notes with a variable or partial redemption amount or for Senior Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“**Variable Notes**”), the Specified Maximum Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

## THE SCHEDULE

Issuer: [•]

Title of Senior Notes being issued: [Specify details of the Senior Notes]

Date of issue of relevant Tranche: [•]

Specified Maximum Amount: [•]

Place of payment and specified currency for the purposes of Clause 1(1)(d): [•]

## FORM OF ZIC SUBORDINATED GUARANTEE

This subordinated guarantee is made on the date of issue of the relevant tranche of notes as specified in the Schedule hereto between:

- (1) ZURICH INSURANCE COMPANY LTD of Mythenquai 2, CH-8002 Zurich, Switzerland, a company incorporated with limited liability under the laws of Switzerland (the “**Guarantor**”); and
- (2) CITICORP TRUSTEE COMPANY LIMITED, of 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, acting as trustee for the Noteholders (as defined below) (the “**Trustee**”, which expression shall, where the context so admits, include such company and all other persons or companies for the time being the trustee or trustees under the amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented (the “**Trust Deed**”), between, inter alia, the Guarantor, the Trustee and the Issuer (as defined below)).

### WHEREAS

- (A) Zurich Finance (Luxembourg) S.A., Zurich Finance (UK) plc and Zurich Finance (Australia) Limited, as issuers, have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of Euro Medium Term Notes in an aggregate principal amount of up to USD18,000,000,000 (or its equivalent in other currencies).
- (B) The issuer specified in the Schedule hereto (the “**Issuer**”) proposes to issue the relevant tranche of notes described in the Schedule hereto (the “**Subordinated Notes**”) on the issue date specified in the Schedule hereto (the “**Issue Date**”).
- (C) The Guarantor has agreed to guarantee to the Trustee up to a specified maximum amount the obligations of the Issuer to pay principal, interest and all other amounts payable on all outstanding Subordinated Notes and under the Trust Deed (the “**ZIC Subordinated Guarantee**”) for the benefit of the Trustee and the holders of the Subordinated Notes (the “**Noteholders**”).

References in this ZIC Subordinated Guarantee to a “Condition” are to the corresponding condition of the “Terms and Conditions of the Subordinated Notes” as set out in Schedule 1 Part C of the Trust Deed. Capitalised terms that are not defined in this ZIC Subordinated Guarantee will have the meanings given to them in the Terms and Conditions of the Subordinated Notes.

Any references in this ZIC Subordinated Guarantee to Subordinated Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. In respect of Subordinated Notes which are in bearer form, any references to “Noteholders” shall, unless the context otherwise requires, include any holders of related Coupons.

### 1. GUARANTEE

#### (1) ZIC Subordinated Guarantee

The Guarantor hereby irrevocably and, subject to Clause 1(1)(b), unconditionally undertakes on a subordinated basis in its capacity as primary obligor and not merely as a surety, pursuant to Art. 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Subordinated Notes and the Trust Deed and waiving all rights of set off and of objection and defence arising from the Subordinated Notes and the Trust Deed to pay to the Trustee, acting on behalf of the Noteholders, within seven days after the receipt by the Guarantor of the Trustee’s first written demand for payment and the Trustee’s confirmation in writing that an amount due under the Subordinated Notes or the Trust Deed which is equivalent to the amount claimed under this ZIC Subordinated Guarantee has remained unpaid on the due date (the last day of such period of seven days being hereinafter referred to as the “**Seventh Day**”), such amount upon the following terms:

- (a) (**Status**) Claims in respect of this ZIC Subordinated Guarantee will, in the event of a voluntary or involuntary insolvency, winding up, liquidation, dissolution with liquidation, bankruptcy (“*Konkurs*”), composition (“*Nachlassvertrag*”) or other similar proceedings against the Guarantor, rank after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined below).

As used above:

“**Junior Instruments**” means:

- (i) all securities or other obligations of the Guarantor ranking or expressed to rank junior to claims of beneficiaries of this ZIC Subordinated Guarantee; and
- (ii) all classes of issued shares in the share capital of the Guarantor.

“**Pari Passu Instruments**” means any securities or other obligations of the Guarantor ranking or expressed to rank *pari passu* with the claims of the beneficiaries of this ZIC Subordinated Guarantee.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Guarantor, including policyholders (and beneficiaries of a policy) of the Guarantor;
- (ii) all creditors of the Guarantor whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Guarantor except those whose claims rank or are expressed to rank *pari passu* with, or junior to, claims of beneficiaries of this ZIC Subordinated Guarantee.

The subordination provisions set out above are irrevocable.

(b) **(Guarantor Solvency Condition)**

- (i) The Guarantor shall defer any payment under this ZIC Subordinated Guarantee if on the date such payment would otherwise fall due either (A) a Solvency Event has occurred and is continuing or (B) would occur on such date as a result of such payment (such deferred payment, a **“Deferred Guarantee Payment”**).
- (ii) Any Deferred Guarantee Payment shall only become due and payable following the date on which no Solvency Event is continuing (or would occur on such date as a result of such payment) or, subject to Clause 1(1)(g), if a resolution is passed or an order of a court of competent jurisdiction is made that the Guarantor be wound up or dissolved (any such resolution or order, a **“Liquidation Ruling”**).
- (iii) The deferral of any Deferred Guarantee Payment in accordance with these provisions, will not constitute a default by the Guarantor and, without prejudice to Condition 10 (*Remedies*) or Clause 1(1)(g), will not give the Noteholders or the Trustee any right to accelerate the repayment of the Subordinated Notes or take any action under the Trust Deed or this ZIC Subordinated Guarantee.
- (iv) The Guarantor shall give notice of any such deferral to the Trustee (together with a Guarantor Solvency Payment Deferral Certificate (as defined below)), and to the Noteholders in accordance with Condition 19 (*Notices*) by not later than seven days following the relevant claim under this ZIC Subordinated Guarantee.

In this Guarantee, **“Guarantor Solvency Payment Deferral Certificate”** means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming that a Solvency Event has occurred and is continuing, or would occur if the relevant payment under this ZIC Subordinated Guarantee were made.

- (c) **(No Set-Off)** Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Guarantor arising under or in connection with this ZIC Subordinated Guarantee, and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.
- (d) **(No Security)** No security of whatever kind is, or will at any time be, provided by the Guarantor or any other person to secure the claims of the Noteholders under this ZIC Subordinated Guarantee.
- (e) **(Maximum Aggregate Liability)** The maximum liability of the Guarantor under this ZIC Subordinated Guarantee (including, in particular, all amounts payable under Clause 3 of this ZIC Subordinated Guarantee and all other amounts payable under this ZIC Subordinated Guarantee) shall not exceed in aggregate [*insert currency and amount*] (the **“Specified Maximum Amount”**), calculated in accordance with Note 1 of this ZIC Subordinated Guarantee (and as set out in the applicable Pricing Supplement for the Subordinated Notes) which may not be reduced for so long as any sum remains payable under the Subordinated Notes.
- (f) **(Rights held by the Trustee)** All rights arising from this ZIC Subordinated Guarantee shall be held exclusively by the Trustee and no Noteholder may take action directly against the Guarantor under this ZIC Subordinated Guarantee unless the Trustee having become Noteholder Mandated to take action, fails to do so within a reasonable period and such failure is continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Guarantor as those which the Trustee is entitled to exercise.
- (g) **(Remedies)**
  - (i) If the Guarantor fails to pay an amount claimed in accordance with this ZIC Subordinated Guarantee, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Guarantor in respect of such unpaid amounts provided that the Trustee and the Noteholders have no right to claim any sums in respect of or enforce an early redemption of the Subordinated Notes or institute winding-up proceedings of the Guarantor.
  - (ii) The Trustee may at its discretion, subject to Condition 10(c), participate in, but not itself institute, any winding-up proceedings of the Guarantor to enforce the obligations of the Guarantor under this ZIC Subordinated Guarantee. In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Subordinated Notes.
  - (iii) In the event that the Trustee gives notice that the Subordinated Notes are immediately due and repayable in accordance with Condition 10(c) as a result of a Liquidation Ruling in respect of the Guarantor:
    - a. if, on or following the date of any such Liquidation Ruling, a Solvency Event in relation to the Zurich Insurance Group (a **“Group Solvency Event”**) has occurred and is continuing or would occur as a result of the Subordinated Notes becoming due and payable pursuant to Condition 10(c), then payment in respect of the Subordinated Notes pursuant to this ZIC Subordinated Guarantee shall become due and payable upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, such payment in respect of the Subordinated Notes shall in addition become due and payable in the

proceedings which implement such Liquidation Ruling upon any amounts in respect of any Relevant Junior or Pari Passu Securities (as defined below) becoming due and payable in such proceedings; and

- b. no payment in respect of the Subordinated Notes may be made by the Guarantor pursuant to this ZIC Subordinated Guarantee, nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.
- (iv) No remedy against the Guarantor, other than as referred to in Condition 10 (*Remedies*) or this Clause 1(1)(g), shall be available to the Trustee or the Noteholders for the recovery of amounts owing under this ZIC Subordinated Guarantee.

As used above, “**Relevant Junior or Pari Passu Securities**” means (a) any securities issued (or guaranteed) by the Guarantor which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to the claims of holders of Subordinated Notes under this ZIC Subordinated Guarantee; (b) any securities issued by the Guarantor which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of the Guarantor and/or the Zurich Insurance Group and the claims in respect of such securities rank, or are expressed to rank *pari passu* with, the claims of holders of Subordinated Notes under this ZIC Subordinated Guarantee;

- (h) (**Payments**) The Guarantor agrees that any payments to be made by it hereunder shall be made to or to the order of the Trustee in the place of payment and in the currency specified in the Schedule hereto in immediately available funds before close of business in that city on the Seventh Day and any such payment shall to that extent, satisfy the obligation of the Guarantor under this ZIC Subordinated Guarantee.

## **(2) Guarantor’s Obligations Continuing**

Subject to Clause 1(1)(e), the Guarantor’s obligations under this ZIC Subordinated Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Subordinated Notes. Furthermore, the obligations of the Guarantor hereunder are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Issuer, any other person, any security or any other guarantee or indemnity.

## **(3) Exercise of Guarantor’s Rights**

So long as any sum remains payable by the Issuer under the Subordinated Notes, no right of the Guarantor, by reason of the performance of any of its obligations under this ZIC Subordinated Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. Until all amounts which may be or become payable in respect of the Subordinated Notes have been irrevocably paid in full, the Guarantor shall not by virtue of this ZIC Subordinated Guarantee be subrogated to any rights of the Trustee or any Noteholder or claim in competition with the Trustee or the Noteholders against the Issuer.

## **(4) Avoidance of Payments**

Any settlement or discharge between the Guarantor and the Trustee in respect of this ZIC Subordinated Guarantee shall be conditional upon no payment to the Trustee or any Noteholder by the Issuer or any person on the Issuer’s behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Trustee shall be entitled to recover from the Guarantor the amount by which such payment is so avoided or reduced as if such settlement or discharge had not occurred.

## **2. ACCEPTANCE**

The Trustee accepts this ZIC Subordinated Guarantee in its capacity as trustee for the Noteholders. Subject to Clause 1(1)(e), the Guarantor agrees to be bound by the provisions of Condition 8 (*Taxation*) as if set out in full in this ZIC Subordinated Guarantee.

## **3. CURRENCY INDEMNITY**

### **(1) Currency of Account and Payment**

The currency of the Subordinated Notes (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with this ZIC Subordinated Guarantee, including damages.

### **(2) Extent of Discharge**

Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of the enforcement of a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Guarantor or otherwise), by the Trustee in respect of any sum expressed to be due to it from the Guarantor will only discharge the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that day, on the first date on which it is practicable to do so).

### **(3) Indemnity**

If the Contractual Currency amount so purchased by the recipient is less than the Contractual Currency amount expressed to be due to the recipient under this ZIC Subordinated Guarantee, the Guarantor will, subject to Clause 1(1)(e), indemnify the recipient against any loss sustained by it as a result and will indemnify it against the cost of making any such purchase.

### **(4) Indemnity separate**

This indemnity constitutes a separate and independent obligation from the other obligations in this ZIC Subordinated Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this ZIC Subordinated Guarantee or any judgment or order, subject always to Clause 1(1)(e).

## **4. NOTICES**

Each notice or demand under this ZIC Subordinated Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under this ZIC Subordinated Guarantee shall be made or sent (airmail, postage prepaid, if sent by post to another country) to the Guarantor at the address, and for the attention of the person, from time to time designated by the Guarantor for the purposes of this ZIC Subordinated Guarantee. Any such notice or demand shall be effective when actually delivered to such address. The address, attention and telefax number of the Guarantor for notices or demands under this ZIC Subordinated Guarantee for the time being are as follows:

Zurich Insurance Company Ltd

Mythenquai 2

CH-8002 Zurich      Fax: +41 (0)44 623 03-00

Attention:      Yannick Hausmann, Group General Counsel

With a copy to:      Fax: +41 (0)44 628 2929

Attention:      Head of Group Treasury and Capital Management

## **5. RIGHT OF PRODUCTION**

A copy of this ZIC Subordinated Guarantee will be deposited by the Guarantor with each of the paying agents appointed under the Agency Agreement. The Guarantor hereby acknowledges the right of each Noteholder to the production of a copy of this ZIC Subordinated Guarantee.

## **6. GOVERNING LAW AND JURISDICTION**

### **(1) Governing law**

This ZIC Subordinated Guarantee is governed by, and shall be construed in accordance with, the substantive laws of Switzerland.

### **(2) Jurisdiction**

Any dispute arising out of this ZIC Subordinated Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Noteholder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(f), shall fall exclusively within the jurisdiction of the courts of the City of Zurich, venue Zurich 1.

This guarantee agreement has been entered into on the date stated at the beginning.

**ZURICH INSURANCE COMPANY LTD**

By:

By:

**CITICORP TRUSTEE COMPANY LIMITED**

By:

By:

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Note 1: \*The Specified Maximum Amount in respect of a relevant tranche of Subordinated Notes (other than Variable Notes (as defined below)) will be calculated as follows:

For Fixed Rate Notes:

For Floating Rate Notes:

For Zero Coupon Notes:

$$\text{SMA} = \text{RA} + (3 \times \text{I}) + \text{AA}$$

$$\text{SMA} = \text{RA} + (3 \times \text{EI}) + \text{AA}$$

$$\text{SMA} = \text{RA} + \text{AA}$$

where:

“**SMA**” means Specified Maximum Amount;

“**RA**” means the Final Redemption Amount of the Subordinated Notes, as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Subordinated Notes up to the first anniversary of the Issue Date;

“**EI**” means the estimated amount of interest payable on the Subordinated Notes up to the first anniversary of the Issue Date calculated on the basis that interest is payable for each interest period ending on or prior to such first anniversary at 1.5 times the rate fixed for the first interest period; and

“**AA**” means USD100,000 (or its equivalent in the currency of the Specified Maximum Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Subordinated Notes.

For Subordinated Notes with a variable or partial redemption amount or for Subordinated Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“**Variable Notes**”), the Specified Maximum Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

## THE SCHEDULE

Issuer: [•]

Title of Subordinated Notes being issued: [Specify details of the Subordinated Notes]

Date of issue of relevant Tranche: [•]

Specified Maximum Amount: [•]

Place of payment and specified currency for the purposes of Clause 1(1)(h): [•]



## TAXATION

### General

The information below is of a general nature and is not intended to be exhaustive. They assume that there will be no substitution of the Issuers and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

### Luxembourg Taxation

The following information is of a general nature only and is based on ZF (Luxembourg)'s understanding of certain aspects of the laws and practice presently in force in Luxembourg as of the date of this Base Prospectus. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Notes and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of Notes. This information is based on the laws in force in Luxembourg on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Prospective holders of Notes should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*). Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

#### (a) Luxembourg tax residency of the holders of Notes

Investors will not become resident nor be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of their rights thereunder.

#### (b) Withholding Tax

##### (i) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the Law (as defined below), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Luxembourg law dated 23 December 2005, as amended (the "**Law**"), a 20 per cent Luxembourg withholding tax is levied on interest or similar income payments made or ascribed by Luxembourg paying agents to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

##### (ii) Non-resident holders of Notes

Under Luxembourg general tax laws currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of Notes. There is also no Luxembourg withholding tax upon repayment of the principal or upon redemption or exchange of the Notes.

#### (c) Taxation of the holders of Notes

##### (i) Taxation of Luxembourg non-residents

Holders of Notes who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realise capital gains upon redemption, repurchase, sale, disposal or exchange, in any form whatsoever, of any Notes.

Corporate holders of Notes who are non-residents of Luxembourg or non-resident individual holders acting in the course of the management of a professional or business undertaking, and who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable are liable to Luxembourg income tax on any interest received or accrued, as well

as any reimbursement premium received at maturity and any capital gain realised on the sale or disposal, in any form whatsoever, of the Notes and have to include this income in their taxable income for Luxembourg income tax assessment purposes.

*(ii) Taxation of Luxembourg residents*

*Luxembourg resident individuals*

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Notes has opted for the application of a 20 per cent tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg) or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual holder of Notes, acting in the course the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion on such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

*Luxembourg corporate residents*

Luxembourg corporate resident holders of Notes must include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes, except if the holder of Notes is a Luxembourg corporate resident benefiting from a special tax regime (see below). Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

*Luxembourg corporate residents benefiting from a special tax regime*

Luxembourg corporate resident holders of Notes who benefit from a special tax regime, such as, for example, undertakings for collective investment subject to the amended law of 17 December 2010, specialised investment funds governed by the amended law of 13 February 2007, family wealth management companies governed by the amended law of 11 May 2007 or reserved alternative investment funds governed by the law of 23 July 2016 on reserved alternative investment funds and which do not fall under the special tax regime set out in Article 48 thereof are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to Luxembourg income taxes.

**(d) Net Wealth Tax**

Luxembourg resident holders of Notes and non-resident holders of Notes who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is (i) an individual, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010, (iii) a specialised investment fund governed by the amended law of 13 February 2007, (iv) a family wealth management company governed by the amended law of 11 May 2007, (v) a reserved alternative investment fund governed by the law of 23 July 2016 on reserved alternative investment funds, (vi) a securitisation company governed by the amended law of 22 March 2004 on securitisation or (vii) a capital company governed by the amended law of 15 June 2004 on venture capital vehicles.<sup>1</sup>

**(e) Other Taxes**

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes.

However, a fixed or *ad valorem* registration duty may be due upon registration of the Notes in Luxembourg in the case where the Notes are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Notes on a voluntary basis.

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

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<sup>1</sup> Please however note that securitisation companies governed by the amended law of 22 March 2004 on securitisation, or capital companies governed by the amended law of 15 June 2004 on venture capital vehicles, or reserved alternative investment funds governed by the law of 23 July 2016 on reserved alternative investment funds and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

## Swiss Taxation

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons. The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Base Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Notes.

### (a) Withholding Tax

#### (i) Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)

Payments by the Issuers (other than ZIC), or by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), of interest on, and repayment of principal of, the Notes, will not be subject to Swiss withholding tax, even when the Notes are guaranteed by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), provided that the relevant Issuer uses the proceeds from the offering and sale of the Notes outstanding outside of Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

#### (ii) Notes issued by ZIC

##### *Non-Restricted Notes*

Payments of interest on Notes issued by ZIC will be subject to Swiss federal withholding tax at a rate of 35 per cent. Certain types of Notes issued by ZIC may classify as notes with a “predominant one-time interest payment” (*Obligationen mit überwiegender Einmalverzinsung*; see below “—Income Taxation on Principal or Interest”). A “one-time interest payment” will be subject to the Swiss federal withholding tax upon redemption of the Notes.

A holder of a Note issued by ZIC who resides in Switzerland and who, at the time the payment of interest is due, is the beneficial recipient of the payment of interest and, in the case of a holder who is an individual, duly reports the gross payment of interest in his or her tax return and, in the case of a holder who is a legal entity or an individual required to keep accounting books, includes such payment as earnings in its income statement, is entitled to a full refund of or a full tax credit for the Swiss federal withholding tax. A holder of a Note issued by ZIC who does not reside in Switzerland may be able to claim a full or partial refund of the Swiss federal withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, between Switzerland and the country of residence of such holder.

##### *Restricted Notes*

Restricted Notes will not be subject to the Swiss federal withholding tax provided that ZIC complies at all times while any such Restricted Notes are outstanding, as applicable, with the Non-Bank Rules (as defined in Condition 23 of the Terms and Conditions of the Senior Notes and Condition 23 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes), which it is required to do pursuant to Condition 15(a)(vi) of the Terms and Conditions of the Senior Notes and Condition 15(a)(vi) of the Terms and Conditions of the Subordinated Notes, and further provided that the Noteholders comply at all times while any such Restricted Notes are outstanding with the limitations set out in Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Senior Notes and Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes.

#### (iii) Potential Change of Withholding Tax Legislation

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. Further, on 23 October 2017, the Swiss Federal Economic Affairs and Taxation Committee of the Swiss National Council filed a parliamentary initiative reintroducing the request to replace the current debtor-based regime applicable to interest payments with a paying agent-based system for Swiss withholding tax. The initiative requests a paying agent-based system that (i) subjects all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss withholding tax and (ii) provides an exemption from Swiss withholding tax for interest payments to all other persons (including Swiss corporations). If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any payment of interest in respect of a Note (including, as the case may be, payment by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg) and ZF (UK)) under the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be) neither the Issuer nor the Guarantor nor any paying agent nor any other person would pursuant to the applicable Terms and Conditions be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

## **(b) Stamp Taxes**

The issue of Notes by the Issuers and the issue of the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be by ZIC as Guarantor on the relevant closing date will not be subject to Swiss stamp duty on the dealing in securities (primary market). Secondary market dealings in Notes with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss stamp duty on dealings in securities at a rate of up to 0.15 per cent of the purchase price of the Notes in the case of Notes issued by ZIC, and at a rate of up to 0.3 per cent of such purchase price in the case of Notes issued by the other Issuers. Where both the seller and the purchaser of the Notes (whether or not issued by ZIC) are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss stamp duty on dealing in securities will be payable.

Restricted Notes will not be subject to Swiss stamp duty on dealings in securities provided that ZIC complies at all times while any such Restricted Notes are outstanding with the Non-Bank Rules (as defined in Condition 23 of the Terms and Conditions of the Senior Notes and Condition 23 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes), which it is required to do pursuant to Condition 15(a)(vi) of the Terms and Conditions of the Senior Notes and Condition 15(a)(vi) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, and further provided that the Noteholders comply at all times while any such Restricted Notes are outstanding with the limitations set out in Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Senior Notes and Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes.

## **(c) Income Taxation on Principal or Interest**

### *(i) Notes held by non-Swiss holders*

Payments by the Issuers, or by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), of interest and repayment of principal to, and gain realised on the sale or redemption of Notes by, a holder of Notes who is not a resident of Switzerland and who during the current taxation year has not engaged in trade or business through a permanent establishment in Switzerland to which such Note is attributable will not be subject to any Swiss federal, cantonal or communal income tax (as concerns the Swiss withholding tax see above—*Withholding Tax*), as concerns the international automatic exchange of information in tax matters, see below under “—*International Automatic Exchange of Information in Tax Matters*” and as concerns the Swiss facilitation of the implementation of FATCA, see below under “—*Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act*”).

### *(ii) Notes held by Swiss resident holders as private assets*

*Notes without a “predominant one-time interest payment”*: If the yield-to-maturity of a Note predominantly derives from periodic interest payments and not from a one-time-interest-payment such as an original issue discount or a repayment premium (see below “Notes with a predominant one-time interest payment”), then a holder who is an individual resident in Switzerland and who holds the Note as a private asset is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments and any one-time interest payment received on the Note in such period, converted into Swiss Francs at the exchange rate prevailing at the time of payment, as the case may be, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. A gain (which may include interest accrued) realised on the sale of such a Note is a tax-free private capital gain, and a loss realised on the sale of such a Note or, in relation to Subordinated Notes or Deeply Subordinated Notes, a loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss. A loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss.

*Notes with a “predominant one-time interest payment”*: If the yield-to-maturity of a Note predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments, then a holder who is an individual resident in Switzerland and holds the Note as a private asset, is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, and converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. Any value decreases realised on such Note on sale or redemption may be offset by such a holder against any gains (including periodic interest payments) realised by him or her within the same taxation period from other securities with a predominant one-time interest payment. A loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss.

See “—*Notes held as Swiss business assets*” below for a summary on the tax treatment of individuals classified as “professional securities dealers.”

### *(iii) Notes held as Swiss business assets*

Individuals who hold Notes as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Notes as part of a Swiss permanent establishment in Switzerland, are required to recognise the payments of interest and any capital gain or loss realised on the sale or other disposition of such Notes or a loss resulting from a Write-Down of Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealings and leveraged transactions in securities.

#### **(d) International Automatic Exchange of Information in Tax Matters**

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (“**AEOI**”) in tax matters (the “**AEOI Agreement**”), which applies to all 28 member states and also Gibraltar. Further, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information (“**MCAA**”), and based on the MCAA, a number of bilateral AEOI agreements with other countries became effective. Based on the AEOI Agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, including Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in an EU member state or Gibraltar or a treaty state from 2017, and began to exchange it from 2018. Switzerland has signed and will sign further AEOI agreements with further countries. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters (the “**SIF**”).

#### **(e) Swiss Facilitation of the Implementation of FATCA**

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. For further information on FATCA, see below under “—*U.S. Taxation (in respect of Notes issued by ZHCA)—FATCA Withholding*”.

#### **(f) Common Reporting Standard**

On 15 July 2014, the Organisation for Economic Co-operation and Development approved the Common Reporting Standard (the “**CRS**”) designed to create a global standard for the automatic exchange of financial account information. Pursuant to the CRS requirements, financial institutions must identify and report FATCA-like information in respect of specified persons who are resident in the jurisdictions that sign and implement the CRS. On 29 October 2014, fifty-one jurisdictions signed the MCAA that activates this automatic exchange of information in line with the CRS. Since then further jurisdictions have signed the MCAA and in total over 90 jurisdictions have committed to adopting the CRS. Early adopters who signed the MCAA have pledged to work towards the first information exchanges taking place by September 2017. Certain other signatories are expected to follow with information exchange starting in 2018 (see above “—*International Automatic Exchange of Information in Tax Matters*” for information on the adoption of the CRS by Switzerland).

#### **United Kingdom Taxation**

The following is a summary of certain United Kingdom tax considerations relating to the Notes based on UK law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) at the date hereof in relation to payments of interest in respect of the Notes. The comments are made on the assumption that neither ZF (Luxembourg) nor ZIC nor ZHCA nor ZF (Australia) is resident in the United Kingdom for United Kingdom tax purposes, is issuing the Notes for the purposes of or in the course of a trade or other business carried on by it in the United Kingdom or pays interest on the Notes which has a United Kingdom source. The comments relate only to the position of persons who are absolute beneficial owners of the Notes (and may not apply to certain classes of Noteholders (such as dealers and persons who are connected or associated with the Issuer for relevant tax purposes)). Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that series and other Tranches of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### **(a) Interest on the Notes issued by ZF (UK)**

The Notes issued by ZF (UK) which carry a right to interest will constitute “quoted Eurobonds” within the meaning of section 987 of the UK Income Tax Act 2007 (the “**Act**”) as long as they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. Securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom Official List (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Euro MTF Market and the SIX Swiss Exchange are both recognised stock exchanges for these purposes. However, HMRC stated in published guidance that the securities will only be treated as listed for these purposes if (i) in respect of the Euro MTF Market, the securities are listed and admitted to trading on the Euro MTF Market; and (ii) in respect of the SIX Swiss Exchange, the securities are listed and maintained on the SIX Swiss Exchange in accordance with the main standard or domestic standard, but not if the securities are listed in accordance with any other listing rules.

Accordingly, payments of interest on such Notes issued by ZF (UK) may be made without withholding for or on account of UK income tax provided such Notes are and remain so listed and admitted to trading at the time of payment.

In all other cases, interest on the Notes issued by ZF (UK) may fall to be paid under deduction of United Kingdom income tax at the basic rate, which is currently 20 per cent., subject to any direction to the contrary by HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty, and except that the withholding obligation is disapplied in respect of payments to Noteholders who (i) ZF (UK) reasonably believes are either a United Kingdom resident company, or a non-UK resident company carrying on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable, and for whom the payment is one that is required to be brought into account in calculating the chargeable profits (for corporation tax purposes) of the non-UK resident company, or (ii) the Noteholder falls within various categories enjoying a special tax status (including charities and pension funds), or (iii) is a partnership consisting of such persons as are identified in (i) and (ii) above (unless, in each case, HM Revenue & Customs direct otherwise). However, this withholding will not apply if the relevant interest is paid on Notes issued by ZF (UK) with a maturity date of less than one year from the date of issue and which are not issued with the intention, or under schemes or arrangements the effect of which is, to render such Notes part of a borrowing with a total term of a year or more.

Interest on the Notes issued by ZF (UK) will generally constitute United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding and irrespective of the residence of the Noteholder. However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or for holders who are companies through a United Kingdom permanent establishment, in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

The provisions relating to additional payments referred to in Condition 8 of the Terms and Conditions of the Senior Notes and Condition 8 of the Terms and Conditions of the Subordinated Notes would not apply if HM Revenue & Customs sought to assess the person entitled to the relevant interest or (where applicable) profit on any Note directly to United Kingdom income tax. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

#### **(b) Payments by the Guarantor**

Depending on the correct legal analysis (which is uncertain) of payments made pursuant to a ZIC Senior Guarantee or a ZIC Subordinated Guarantee in respect of interest on Notes issued by ZF (UK) (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes), as a matter of United Kingdom tax law, it is possible that payments by the Guarantor would be subject to withholding on account of United Kingdom withholding tax at the basic rate, which is currently 20 per cent., subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable).

#### **(c) Other rules relating to United Kingdom withholding tax**

Where Notes issued by ZF (UK) are issued at an issue price of less than 100 per cent. of their principal amount or are to be, or may fall to be, redeemed at a premium, then any discount or premium element may constitute a payment of interest for UK income tax purposes, in which case it may be subject to withholding or deduction for or on account of UK income tax pursuant to the provisions mentioned in (a) above.

The references to “interest” in this United Kingdom Taxation section above mean “**interest**” as understood in United Kingdom tax law. Such statements do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 23(c) of the Terms and Conditions of the Senior Notes and Condition 23(c) of the Terms and Conditions of the Subordinated Notes).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty and the relevant Noteholder successfully completes a claim for recovery of tax deducted under such double taxation treaty.

#### **(d) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No UK stamp duty or SDRT is payable on issue of Notes constituting debt securities falling within the scope of Article 5(2) of Council Directive 2008/7/EC.

#### **The proposed financial transaction tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia (which has since ceased to participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a “**participating Member State**”).

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be

exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

#### **U.S. Taxation (in respect of Notes issued by ZHCA)**

The following is a general discussion of the material U.S. Federal income tax considerations applicable to initial Non-U.S. Holders of the Notes issued by ZHCA. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), regulations of the Treasury Department ("Treasury Regulations"), administrative rulings and pronouncements of the Internal Revenue Service ("IRS") and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, a "U.S. person" means (i) a citizen or resident (as defined in Section 7701(b)(1) of the Code) of the U.S., (ii) a corporation or other entity taxable as a corporation created or organised under the laws of the U.S. or any State thereof (including the District of Columbia), (iii) an estate or trust described in Section 7701(a)(30) of the Code, or (iv) a person whose worldwide income or gain is otherwise subject to U.S. Federal income taxation on a net income basis and a "Non-U.S. Holder" means any beneficial owner of a Note that is not a U.S. person.

The following discussion is based upon certain of the facts set forth in this Base Prospectus and other documents related to the issuance of Notes and upon compliance with the provisions thereof and the representations and agreements therein.

**The tax discussion set forth below may not be always applicable depending upon a Noteholder's particular situation. In addition, the discussion does not consider the effect of any foreign, state, local, gift, estate or other tax laws that may be applicable to a particular investor. Noteholders are urged to consult their own tax advisors with respect to the particular consequences to them of holding and disposing of Notes in light of their own particular circumstances including the tax consequences under local, state, foreign and other tax laws and possible effects of changes in U.S. Federal income or other tax laws.**

#### **(a) Taxation of Non-U.S. Holders**

Under present U.S. Federal income and estate tax laws and subject to the discussion of backup withholding and FATCA below:

(a) A Non-U.S. Holder generally will not be subject to U.S. Federal income or withholding tax on payments of interest on a Note (including original issue discount), provided that (i) the Non-U.S. Holder is not (A) a direct or indirect owner of 10 per cent or more of the total voting power of all voting stock of ZHCA or (B) a controlled foreign corporation related to ZHCA through stock ownership, (ii) such interest payments are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S., (iii) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, (iv) the interest is not contingent interest described in Section 871(h)(4) of the Code, related primarily to interest based on or determined by reference to income, profits, cash flow and other comparable attributes of the obligor or a party related to the obligor, (v) the Note is issued in "registered form" for U.S. Federal income tax purposes, and (vi) ZHCA or its paying agent receives appropriate documentation (generally an IRS Form W-8BEN or W-8BEN-E as applicable) establishing that the Non-U.S. Holder is not a U.S. person. It is intended that Notes issued by ZHCA will be treated as in "registered form" for U.S. Federal income tax purposes. Although Bearer Global Notes may in some cases be issued by ZHCA, such Bearer Global Notes will meet IRS guidance so as to be treated as being in "registered" form for U.S. Federal income tax purposes.

(b) A Non-U.S. Holder generally will not be subject to U.S. Federal income or withholding tax on gains from the sale or other disposition of a Note, provided that (i) such gains are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S. and (ii) such Non-U.S. Holder is not an individual who is present in the U.S. for 183 days or more in the taxable year of disposition and meets certain other requirements.

(c) Any Note beneficially owned by an individual who at the time of death is not a citizen or resident of the U.S. will not be subject to U.S. Federal estate tax provided that, at the time of death, such individual does not actually or constructively own 10 per cent or more of the total combined voting power of ZHCA entitled to vote and interest on the Notes was not effectively connected with a U.S. trade or business conducted by such individual.

If a Non-U.S. Holder cannot satisfy the requirements of the "portfolio interest" exception described in (a) above, payments of premium, if any, and interest made to such Non-U.S. Holder will be subject to a 30 per cent withholding tax unless such holder provides the ZHCA, or its paying agent as the case may be, with a properly executed (1) IRS Form W-8BEN or W-8BEN-E, as applicable, or any successor form the IRS may prescribe, claiming an exemption from withholding under the benefit of a tax treaty or (2) IRS Form W-8ECI stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the holder's conduct of a trade or business in the U.S.

If a Non-U.S. Holder is engaged in a trade or business in the U.S. and interest on the Notes is effectively connected with the conduct of such trade or business, such holder, although exempt from the withholding tax discussed above, will be subject to U.S. Federal income tax on such interest on a net income basis in the same manner as if it were a U.S. person. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30 per cent of its effectively connected earnings and profits for the taxable year, subject to adjustments. For this purpose, premium, if any, and interest on a Note will be included in such foreign corporation's earnings and profits.

#### **(b) Backup Withholding**

In the case of a Non-U.S. Holder, backup withholding and information reporting will generally not apply to payments of principal and interest (including OID) on a Note issued by ZHCA for U.S. Federal income tax purposes if such Non-U.S. Holder complies with required certification and identification procedures to establish an exemption from the withholding of U.S. Federal income tax or otherwise establishes an exemption, provided that ZHCA or its paying agent, as the case may be, does not have actual knowledge that the payee is a U.S. Person and certain other conditions are satisfied. Any amount withheld under the backup withholding rules from a payment to a holder is allowable as a credit against such holder's U.S. Federal income tax (which might entitle such holder to a refund), provided that such holder furnishes the required information to the IRS.

#### **(c) FATCA Withholding**

Sections 1471 through 1474 of the Code (commonly referred to as the "FATCA provisions") generally impose a withholding tax of 30 per cent on interest income (including OID) from debt obligations of U.S. issuers and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a foreign financial institution (other than with respect to interest (including OID) or gross proceeds that are effectively connected with the conduct of a trade or business within the United States), unless such institution either (i) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements, including in some cases providing local revenue authorities with similar account holder information.

The FATCA provisions also generally impose a withholding tax of 30 per cent on interest income from such obligations and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity (other than with respect to interest or gross proceeds that are effectively connected with the conduct of a trade or business within the United States) unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity or unless certain exceptions apply or they agree to provide certain information to other revenue authorities for transmittal to the IRS. Under certain circumstances (for example, if the recipient is resident in a country having a tax treaty with the United States), a holder of such obligation might be eligible for refunds or credits of such taxes. ZHCA will not be required to pay Additional Amounts with respect to any taxes withheld from payments on the Notes as a result of the enactment and implementation of the FATCA provisions.

Form W-8BEN-E generally requires certain non-U.S. entities to certify as to their FATCA status, and if applicable, provide their Global Intermediary Identification Number. Noteholders are urged to consult with their own tax advisors regarding the possible implications of FATCA provisions on their investment in the Notes.

#### **Australia Taxation**

The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together the "**Australian Tax Act**") and the Taxation Administration Act 1953 of Australia, as at the date of this Base Prospectus, of payments of interest (as defined in the Australian Tax Act) by ZF (Australia) on the Notes and certain other Australian tax matters.

A term used below but not otherwise defined has the meaning given to it in the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be ("**Terms and Conditions**").

This summary applies to Noteholders that are:

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia ("**Australian Holders**"); and
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia ("**Non-Australian Holders**").

The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Holders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person) and, unless expressly stated, this summary does not consider the Australian tax consequences for persons who hold interests in any Clearing System.



Prospective holders of the Notes should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the relevant Pricing Supplement.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of a Note. Each Noteholder should seek professional tax advice in relation to their particular circumstances.

**(a) Australian interest withholding tax**

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies), including for the purposes of Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**Australian IWT**”) and dividend withholding tax.

For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. ZF (Australia) intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974, and the returns paid on the Notes are to be “interest” for the purpose of section 128F, of the Australian Tax Act.

*Australian Holders*

Payments of interest in respect of the Notes to Australian Holders should not be subject to Australian IWT.

*Non-Australian Holders*

Australian IWT is payable at a rate of 10 per cent of the gross amount of interest paid by ZF (Australia) to a Non-Australian Holder, unless an exemption is available.

*(i) Section 128F exemption from Australian IWT*

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

Unless otherwise specified in any relevant Pricing Supplement (or another relevant supplement to this Base Prospectus), ZF (Australia) intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act

In broad terms, the requirements of section 128F are as follows:

- (a) ZF (Australia) is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (b) the Notes are issued in a manner which satisfies the “public offer” test in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that ZF (Australia) is offering the Notes for issue. In summary, the five methods are:

- (i) offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
  - (ii) offers to 100 or more investors of a certain type;
  - (iii) offers of listed Notes;
  - (iv) offers via publicly available information sources; or
  - (v) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;
- (c) ZF (Australia) does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an “associate” of ZF (Australia), except as permitted by section 128F(5) of the Australian Tax Act (see below); and
  - (d) at the time of the payment of interest, ZF (Australia) does not know, or have reasonable grounds to suspect, that the payee is an “associate” of ZF (Australia), except as permitted by section 128F(6) of the Australian Tax Act (see below).

An “associate” of ZF (Australia) for the purposes of section 128F of the Australian Tax Act includes:

- (A) a person or entity which holds more than 50 per cent of the voting shares of, or otherwise controls, ZF (Australia);
- (B) an entity in which more than 50 per cent of the voting shares are held by, or which is otherwise controlled by, ZF (Australia);
- (C) a trustee of a trust where ZF (Australia) is capable of benefiting (whether directly or indirectly) under that trust; and
- (D) a person or entity who is an “associate” of another person or company which is an “associate” of ZF (Australia) under

paragraph (A) above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above), an “associate” of ZF (Australia) does not include:

- (E) an Australian Holder; or
- (F) a Non-Australian Holder that is acting in the capacity of:
  - o in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia); or
  - o in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia).

*(ii) Exemptions under certain double tax conventions*

The Australian Government has signed double tax conventions (“**Relevant Treaties**”) with certain countries (each a “**Specified Country**”), under which an exemption from Australian IWT is available in certain circumstances. The Relevant Treaties apply to interest derived by a resident of a Specified Country.

Broadly, the Relevant Treaties effectively prevent the application of Australian IWT to interest derived by:

- (a) governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- (b) a “financial institution” resident in a Specified Country which is unrelated to and dealing wholly independently with ZF (Australia).

The term “**financial institution**” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public on the Federal Treasury Department website.

**(b) Payments under the ZIC Senior Guarantee and the ZIC Subordinated Guarantee**

Payments by ZIC under the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be, are not subject to Australian IWT, on the basis that ZIC is not a resident of Australia for Australian tax purposes, and does not make payments under the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be, in carrying on business through a permanent establishment in Australia.

**(c) Notes in bearer form**

Section 126 of the Australian Tax Act imposes a type of withholding tax (see below in relation to the rate of withholding tax) on the payment of interest on debentures in bearer form (such as the Bearer Notes) if the issuer fails to disclose the names and addresses of the holders of the debentures to the ATO.

Section 126 does not, however, apply to the payment of interest on Bearer Notes held by non-Australian residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Bearer Notes has satisfied the requirements of section 128F or Australian IWT is payable.

In addition, the ATO has confirmed that for the purpose of section 126, the holder of debentures in bearer form is the person in possession of the debentures. Section 126 is, therefore, limited in its application to persons in possession of Bearer Notes who are residents of Australia or non-Australian residents who are engaged in carrying on business at or through a permanent establishment in Australia. Where interests in Bearer Notes are held through Euroclear, Clearstream or another Clearing System, ZF (Australia) intends to treat the relevant operator of the Clearing System (or its nominee) as the holder of the Bearer Notes for the purposes of section 126.

The rate of withholding tax is 45 per cent from the 2017-2018 income year.

**(d) Payment of additional amounts**

As set out in more detail in the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be, and unless expressly provided to the contrary in any relevant Pricing Supplement (or other relevant

supplement to this Base Prospectus), if ZF (Australia) is at any time required by law to withhold or deduct an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia, or any political subdivision thereof or therein, in respect of the Notes, ZF (Australia) must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made. If, as a result of any change in law of the Commonwealth of Australia, or any political subdivision thereof or therein, ZF (Australia) is required by law in relation to any Notes to withhold or deduct an amount in respect of any withholding taxes, ZF (Australia) will have the option to redeem those Notes in accordance with the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be.

**(e) Other Australian tax matters**

Under Australian laws as presently in effect:

- *death duties* – no Notes will be subject to death, estate or succession duties imposed or levied by the Commonwealth of Australia, or any political subdivision or authority thereof or therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* – no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of any Notes;
- *TFN/ABN withholding* – withholding tax is imposed (see below for the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“**TFN**”), (in certain circumstances) an Australian Business Number (“**ABN**”) or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then such withholding should not apply to payments to a non-resident of Australia for tax purposes that does not derive the interest in connection with a business carried on at or through a permanent establishment in Australia.

The rate of withholding tax is 47% from the 2017-18 income year;

- *additional withholdings from certain payments to non-residents* – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current Australian IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner of Taxation may give a direction requiring ZF (Australia) to deduct from any payment to a Holder any amount in respect of Australian tax payable by the Holder. If ZF (Australia) is served with such a direction, then the ZF (Australia) will comply with that direction and make any deduction required by that direction, and no additional amount will be payable to the Noteholder, as set out in more detail in the Terms and Conditions;
- *supply withholding tax* – payments in respect of the Notes can be made free and clear of any “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia; and
- *goods and services tax (“GST”)* – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of a supply to a non-resident Noteholder outside Australia and certain areas offshore of Australia, which together comprise the “indirect tax zone”) a GST-free supply. Furthermore, neither the payment of principal or interest by ZF (Australia), nor the disposal of the Notes, should give rise to any GST liability in Australia.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealer agreement (as further amended or supplemented from time to time, the “**Dealer Agreement**”) dated 22 May 2018 agreed with the Issuers as to the basis upon which they or any of them may from time to time agree to subscribe for Notes. Any such agreement will extend to those matters stated under “Description of Notes in Global Form”, “Terms and Conditions of the Senior Notes”, “Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes” and “Terms and Conditions of the Subordinated Notes” above. In the Dealer Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to the payment for such Notes being made to the relevant Issuer.

### United States

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in accordance with Regulation S under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Notes in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed that it will offer, sell and deliver Notes (i) as part of their distribution at any time and (ii) otherwise until forty days after the completion of the distribution of all Reg. S Notes of the Tranche of which such Notes are a part, as determined and certified to the Agent or the Issuer by the Relevant Dealer (or, in the case of a sale of a series of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Series purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have, or the Lead Manager has, so certified), only outside the United States to non-U.S. persons in accordance with Rules 903 and 904 of Regulation S under the U.S. Securities Act. Accordingly, each Dealer has represented and agreed that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Rule 902 of Regulation S) with respect to the Notes, and that it and they have complied and will comply with the offering restrictions of Regulation S. Each Dealer has also agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg. S Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the above paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold only outside the United States to persons other than U.S. persons (“**foreign purchasers**”, which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in reliance upon Regulation S. As used in this discussion of “Subscription and Sale” — “United States”, the terms “**Offshore transaction**”, “**United States**” and “**U.S. person**” have the meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been registered under the U.S. 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 as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the U.S. Securities Act.
- (4) It will not resell or otherwise transfer any Notes within two years after the original issuance of the Notes except (A) to the Issuer or any subsidiary of the Issuer, (B) outside the United States in an Offshore transaction in compliance with Rule 904 under the U.S. Securities Act, (C) pursuant to the exemption from registration provided by Rule 144 under the U.S. Securities Act (if available) or (D) pursuant to an effective registration statement under the U.S. Securities Act.
- (5) It will give to each person to whom it transfers Notes notice of any restrictions on transfer of those Notes.
- (6) It understands that the Reg. S Notes offered will be represented by a Reg. S Global Note. Before any interest in a Reg. S. Global Note may be offered, sold, pledged or otherwise transferred to a person who is not a foreign purchaser, the transferee will be required to provide the Trustee with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restrictions referred to above.
- (7) It understands that each of the Reg. S Notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder of particular Notes:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF BENEFIT OF, U.S. PERSONS. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH THE ISSUER OF THIS SECURITY OR ANY AFFILIATED PERSON OF THE ISSUER WAS THE OWNER OF THIS SECURITY, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY OF THE ISSUER, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED IN THIS STATEMENT, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE U.S. SECURITIES ACT.

- (8) It will not sell or otherwise transfer Notes to, and each purchaser represents and covenants that it is not acquiring the Notes for or on behalf of, and will not transfer Notes to, any “employee benefit plan” as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (“**ERISA**”) which is subject to Title I of ERISA or any “plan” as defined in Section 4975 of the Code, which is subject to Section 4975 of the Code (in such case, a “**Plan**”), or any entity the assets of which constitute “plan assets” of any Plan for the purposes of ERISA or Section 4975 of the Code (a “**Plan Entity**”).
- (9) It acknowledges that the Trustee for the Notes will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions described above have been complied with.
- (10) It acknowledges that the Issuers, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations and agreements deemed to have been made by its purchase of Notes are no longer accurate, it will promptly notify the Issuer and the Dealers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

#### **Prohibition of Sales to EEA Retail Investors**

Where the relevant Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Where the relevant Pricing Supplement in respect of any Notes does not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking:** in relation to any Notes which have a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Japan

The Notes have not been and will not be registered under Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”) and disclosure under the Financial Instruments and Exchange Act has not been and will not be made with respect to the Notes. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it has not, directly or indirectly, offered, sold, resold or otherwise transferred and will not, directly or indirectly, offer sell, resell or otherwise transfer any Notes or any interest therein, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering resale or otherwise transferring, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities.

### Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Programme or offer of the Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue, sale or purchase in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any offering circular, information memorandum or any other offering material or advertisement relating to the Notes in Australia,

in each case unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001;
- (ii) such offer is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws and directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

### General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable laws and regulations in force in any country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes any offering material in relation to such Notes and will obtain any consent, approval or permission required by it for the subscription, offer, sale or delivery by it of Notes or possession or distribution of such offering material

under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such subscription, offer or sale.

No Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

## FORM OF PRICING SUPPLEMENT OF THE SENIOR NOTES

Pricing Supplement dated [●]

[Zurich Finance (Luxembourg) S.A. (“ZF (Luxembourg)”)]/[Zurich Finance (UK) plc (“ZF (UK)”)]/[Zurich Finance Australia Limited (“ZF (Australia)”)]/[Zurich Holding Company of America Inc. (“ZHCA”)]/[Zurich Insurance Company Ltd]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Senior Notes]

[Guaranteed by Zurich Insurance Company Ltd]

under the USD18,000,000,000

**Euro Medium Term Note Programme**

**Part A Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu) and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

*[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

*[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – [appropriate target market legend to be included.]]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |   |   |  |
|---|---|--|
| 1 | Issuer:   | [●]  |
| 2 | Guarantor   | [Zurich Insurance Company Ltd/Not Applicable]  |
| 3 | (i) Series Number:  | [●]  |
|   | (ii) Tranche Number:  | [●]  |
|   | [(iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [date]] |
| 4 | Specified Currency or Currencies:   | [●]  |
| 5 | Aggregate Nominal Amount of Notes admitted to trading:                        | [●]  |
|   | (i) Series:   | [●]  |
|   | (ii) Tranche:   | [●]  |



6	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [●]]
7	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount:	[●]
8	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
9	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
10	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] [Zero Coupon] (further particulars specified below)
11	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
12	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
13	[(i)] Status of the Notes:	Senior
	[(ii)] Status of the Guarantee;	[Senior/Not Applicable]
	[(iii)] Specified Maximum Amount;	[●]
	[(iv)] [Date [Board] approval for issuance of Notes obtained:]	[●] <i>[(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]</i>
14	Initial Permitted Non-Qualifying Lender[s]:	[●]

**Provisions Relating to Interest (if any) Payable**

15	Fixed Rate Note and Fixed to Floating Rate Note Provisions:	[Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “ <b>Fixed Rate End Date</b> ”)] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year commencing on [●] to and including [●]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Fixed Day Count Fraction:	[30/360/Actual/Actual (ICMA)/[other] (please specify)]
	(vi) Determination Dates:	[●] in each year
16	Floating Rate Note and Fixed to Floating Rate Note	[Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] <i>(If not</i>

Provisions:	<i>applicable, delete the remaining sub-paragraphs of this paragraph.)</i>
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●]
(iii) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iv) Additional Business Centre(s):	[●]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(vii) Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
– Reference Rate:	[●] month [LIBOR/EURIBOR/ [other] ( <i>please specify</i> )]
– Interest Determination Date(s):	[●]
– Relevant Screen Page:	[●]
(viii) ISDA Determination:	
– Floating Rate Option:	[LIBOR/EURIBOR/ [other] ( <i>please specify</i> )]
– Designated Maturity:	[●]
– Reset Date:	[●]
(ix) Linear Interpolation:	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(x) Margin(s):	[+/-][●] per cent. per annum
(xi) Margin Step-Up Date(s):	[[●] [and [●]]/Not Applicable]
(xii) Step-Up Margin:	[[+/-][●] per cent. per annum/Margin [+/-] [1.00]/[●] per cent. per annum/[●]/Not Applicable]
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[[Actual/Actual]/[Actual/Actual (ICMA)],[Actual/Actual (ISDA)],[Actual/365 (Fixed)],[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[360/360]/[Bond Basis][Eurobond Basis]/[30E/360 (ISDA)]]
17 <b>Fixed Rate Reset Note Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i) Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
(ii) Reset Rate:	[Mid-Swap Rate/Benchmark Gilt/Reference Bond Rate]
(iii) Initial Reset Margin:	[+/-][●] per cent. per annum
(iv) Subsequent Reset Margin:	[[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00]/[●] per cent. per annum/Not Applicable]

- (v) Interest Payment Date(s): [●] [and [●]] in each year up to and including the Maturity Date
- (vi) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[●] per Calculation Amount/Not Applicable]
- (vii) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (viii) First Reset Date: [●]
- (ix) Subsequent Reset Date(s): [[●] [and [●]]/Not Applicable]
- (x) Reset Rate Screen Page: [[●]/Not Applicable]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
- (xii) Mid-Swap Maturity: [[●]/Not Applicable]
- (xiii) Reference Banks: [●]
- (xiv) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
- (xv) Reset Determination Dates: [●]
- (xvi) Calculation Agent: [●]
- (xvii) Mid-Swap Benchmark Rate: [EURIBOR/LIBOR/[other] (*please specify*)/Not Applicable]
- (xviii) Benchmark Gilt: [[●]/Not Applicable]
- (xix) Reference Bond: [[●]/Not Applicable]

#### Zero Coupon Note Provisions

- 18 (i) [Amortisation Yield:] [[●] per cent per annum]
- (ii) [Amortised Face Amount:] [●]
- (iii) [Day Count Fraction:] [Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]

#### Provisions Relating to Redemption

- 19 Call Option: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) Notice period: [As per Condition 7(e)/[●]]
  - (viii) Clean-Up Event Call: [Applicable/Not Applicable]
  - (ix) Clean-Up Threshold Percentage: [[●] per cent/Not Applicable]
  - (ix) Clean-Up Redemption Price: [[●] per Calculation Amount/Not Applicable]
  - (xi) Early Event Call Period: [As per Condition 7(f)/[●]]
- 20 Put Option: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
  - (i) [Optional Redemption Date(s):] [●]

- (ii) [Optional Redemption Amount(s) of each Note:] [[●] per Calculation Amount]
- (iii) [Notice period:] [●]
- 21 Final Redemption Amount of each Note: [●] per Calculation Amount
- 22 Early Redemption Amount: [●]

**General Provisions Applicable to the Notes**

- 23 Form of Notes: Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]
- [In the case of Notes issued by ZHCA: A Permanent Global Note may only be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, Coupons and Talons attached (i) if an Event of Default occurs in respect of any Note or (ii) if Euroclear or Clearstream ceases business permanently and no alternative clearing system satisfactory to the Trustee is available.]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]
- [In the case of Listed Swiss Franc Notes:] [Permanent Global SIS Note]
- 24 New Global Note Form: [Yes/No]
- 25 Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f): [Not Applicable/[●]]
- 26 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
- 27 Consolidation provisions:
- (i) Listed Swiss Franc Note: [Yes/No]
- (ii) Identity of Principal Swiss Paying Agent and other Paying Agents: [●]
- 28 Restricted Note (Condition 15(a) shall apply): [Yes/No]
- (i) Restricted Note Minimum Denomination Amount: [●]
- (ii) Restricted Note Transfer Amount: [●]
- (iii) Number of Permitted Non-Qualifying Lenders: [●]
- 28 Meetings of Noteholders: [As per Condition 12(a)/12(b)(i)/12(b)(ii)]
- 29 Relevant Benchmark(s) [[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof,

[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

**Responsibility**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

*Signed on behalf of the Issuer:*

By: .....

[By: .....

Duly authorised

Duly authorised]

*[Signed on behalf of the Guarantor:*

By: .....

[By: .....

Duly authorised

Duly authorised]]

## PART B — OTHER INFORMATION

### 1 Listing and Admission to Trading

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 Ratings

- Ratings: The Notes to be issued have been rated:  
[S & P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]  
[and endorsed by [insert details]]

### 3 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]*

### 4 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- [(i) Reasons for the offer: [●]  
*(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii)] Estimated net proceeds: [●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii)] Estimated total expenses: [●]. [Include breakdown of expenses.]  
*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]*

### 5 [Yield (Fixed Rate Notes only)

- Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6 Operational Information

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. [Not Applicable/[●]]

and the relevant identification number(s):

- (iv) Delivery: Delivery [against/free of] payment  
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /  
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

#### Distribution

- 7 (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- 8 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 9 U.S. Selling Restrictions: [Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
- 10 Additional selling restrictions: [Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/*give details*]
- 11 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

# FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES

Pricing Supplement dated [●]

## Zurich Insurance Company Ltd

Issue of [Aggregate Nominal Amount of Tranche] [Title of [Deeply] Subordinated Notes]

under the USD18,000,000,000

### Euro Medium Term Note Programme

#### Part A Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu) and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

**[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

**[MIFID II PRODUCT GOVERNANCE / TARGET MARKET –** *[appropriate target market legend to be included.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

1	Issuer:	Zurich Insurance Company Ltd
2	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	[(iii) Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about <i>[date]</i> ]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount of Notes admitted to trading:	[●]
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [●]]



6	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
8	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
9	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] (further particulars specified below)
	(ii) Optional Deferral of interest:	[Applicable /Not Applicable]
	(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	[Yes /No]
	(iv) Mandatory settlement of Arrears of Interest:	[As per Condition 5(e)(iv)/[other] ( <i>please specify</i> )]
10	Redemption/Payment Basis:	[Redemption at par/ [●] per cent. of par] <i>(N.B. only relevant for dated Subordinated Notes)</i>
11	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
12	Write-Down Event:	[Applicable/Not Applicable] <i>If Not Applicable, delete the remaining subparagraph of this paragraph</i>
	[(i)] Description of Write-Down Event	[ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover [●] per cent. of the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with the Applicable Regulations, as shown in the most recent FINMA Submission (and the date of such FINMA Submission shall be considered as the date on which the Write-Down Event occurs)/[specify details of any provision concerning an alternative Write-Down Event]. “ <b>FINMA Submission</b> ” means [●].
13	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
14	[(i)] Status of the Notes:	[Deeply] Subordinated
	[(ii)] [Date [Board] approval for issuance of Notes obtained:]	[●] <i>(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)</i>
15	[Initial Permitted Non-Qualifying Lender[s]:	[●]]
<b>Provisions Relating to Interest (if any) Payable</b>		
16	Fixed Rate Note and Fixed to Floating Rate Note Provisions:	[Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “ <b>Fixed Rate End Date</b> ”)]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year commencing on [●] to and including [●]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Fixed Day Count Fraction: [30/360/Actual/Actual (ICMA)/[other] (please specify)]
- (vi) Determination Dates: [●] in each year
- 17 Floating Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Additional Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination: [Offered quotation/Arithmetic mean of offered quotations]
- Reference Rate: [●] month [LIBOR/EURIBOR/ [other] (please specify)]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- (viii) ISDA Determination:
- Floating Rate Option: [LIBOR/EURIBOR/ [other] (please specify)]
- Designated Maturity: [●]
- Reset Date: [●]
- (ix) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Margin Step-Up Date(s): [[●] [and [●]]/Not Applicable]
- (xii) Step-Up Margin: [[+/-][●] per cent. per annum/Margin [+/-] [1.00]/[●] per cent. per annum/[●]/Not Applicable]

(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
18	<b>Fixed Rate Reset Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(xx)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
(xxi)	Reset Rate:	[Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond]
(xxii)	Initial Reset Margin:	[+/-][●] per cent. per annum
(xxiii)	Subsequent Reset Margin:	[[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00]/[●] per cent. per annum/Not Applicable]
(xxiv)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date
(xxv)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[●] per Calculation Amount/Not Applicable]
(xxvi)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(xxvii)	First Reset Date:	[●]
(xxviii)	Subsequent Reset Date(s):	[[●] [and [●]]/Not Applicable]
(xxix)	Reset Rate Screen Page:	[[●]/Not Applicable]
(xxx)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
(xxxi)	Mid-Swap Maturity:	[[●]/Not Applicable]
(xxxii)	Reference Banks:	[●]
(xxxiii)	Day Count Fraction:	[[Actual/Actual]/[Actual/Actual/ISDA]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/ [360/360]/[Bond Basis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual-ICMA]]
(xxxiv)	Reset Determination Dates:	[●]
(xxxv)	Calculation Agent:	[●]
(xxxvi)	Mid-Swap Benchmark Rate:	[EURIBOR/LIBOR/[other] <i>(please specify)</i> /Not Applicable]
(xxxvii)	Benchmark Gilt	[[●]/Not Applicable]
(xxxviii)	Reference Bond	[[●]/Not Applicable]

**Provisions Relating to Redemption**

19	Call Option:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii)	Notice period:	[As per Condition 6(c)/[●]]

(iv)	Accounting Event Call:	[Applicable/Not Applicable]
(v)	Initial Accounting Treatment Methodology:	[liabilities/equity]
(vi)	Rating Agency Event Call:	[Applicable/Not Applicable]
(vii)	Regulatory Event Call:	[Applicable/Not Applicable]
(viii)	Clean-Up Event Call:	[Applicable/Not Applicable]
(ix)	Clean-Up Threshold Percentage:	[[●] per cent./Not Applicable]
(ix)	Clean-Up Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(x)	Special Event Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(xi)	Early Event Call Period:	[As per Condition 6(f)/[●]]
20	Final Redemption Amount of each Note:	[●] per Calculation Amount

### General Provisions Applicable to the Notes

21	Form of Notes:	<p>Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note [which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]</p>
	[In the case of Listed Swiss Franc Notes:]	[Permanent Global SIS Note]
22	New Global Note Form:	[Yes/No]
23	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f):	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]
25	Consolidation provisions:	
	(i) Listed Swiss Franc Note:	[Yes/No]
	(ii) Identity of Principal Swiss Paying Agent and other Paying Agents:	[●]
26	Restricted Note (Condition 15(a) shall apply):	[Yes/No]
	(i) Restricted Note Minimum Denomination Amount:	[●]
	(ii) Restricted Note Transfer Amount:	[●]
	(iii) Number of Permitted Non-Qualifying Lenders:	[●]

- 28 Meetings of Noteholders [As per Condition 12(a)/12(b)(i)/12(b)(ii)]
- 29 Relevant Benchmark(s) [[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

**Responsibility**

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

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

*Signed on behalf of the Issuer:*

By: .....

[By: .....

Duly authorised

Duly authorised]

**PART B — OTHER INFORMATION**

**27 Listing and Admission to Trading**

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to [●] admission to trading:

**28 Ratings:**

Ratings: The Notes to be issued have been rated:  
 [S & P: [●]]  
 [Moody’s: [●]]  
 [[Other]: [●]]  
 [and endorsed by [insert details]]

**29 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]*

30 **[Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

- [(i) Reasons for the offer: [●]  
*(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii) Estimated net proceeds: [●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: [●]. [Include breakdown of expenses.]  
*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]*

31 **[Yield (Fixed Rate Notes only)**

- Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

32 **Operational Information**

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[●]]
- (iv) Delivery: Delivery [against/free of] payment  
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/  
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[include this text for registered notes] . Note that this

does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

**Distribution**

33	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i> ]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/ <i>give names</i> ]
34	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i> ]
35	U.S. Selling Restrictions:	[Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
36	Additional selling restrictions:	[Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/ <i>give details</i> ]
37	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]

## FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES

Pricing Supplement dated [●]

[Zurich Finance (Luxembourg) S.A. (“ZF (Luxembourg)”)]/[Zurich Finance (UK) plc (“ZF (UK)”)]/[Zurich Finance Australia Limited (“ZF (Australia)”)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Subordinated Notes]

[Guaranteed by Zurich Insurance Company Ltd]

under the USD18,000,000,000

**Euro Medium Term Note Programme**

**Part A Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu) and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

*[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

**[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – [appropriate target market legend to be included.]]**

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |   |   |  |
|---|---|--|
| 1 | Issuer:   | [●]  |
| 2 | Guarantor:  | [Zurich Insurance Company Ltd]   |
| 3 | (i) Series Number:  | [●]  |
|   | (ii) Tranche Number:  | [●]  |
|   | [(iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]] |
| 4 | Specified Currency or Currencies:   | [●]  |
| 5 | Aggregate Nominal Amount of Notes admitted to trading:                        | [●]  |
|   | (i) Series:   | [●]  |
|   | (ii) Tranche:   | [●]  |
| 6 | Issue Price:  | [●] per cent of the Aggregate Nominal Amount [plus accrued   |



		interest from [●]]
7	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount	[●]
8	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
9	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
10	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] (further particulars specified below)
	(ii) Optional Deferral of interest:	[Applicable /Not Applicable]
	(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	[Yes /No]
	(iv) Mandatory settlement of Arrears of Interest:	[As per Condition 6(e)(iv)/[other] ( <i>please specify</i> )]
11	Redemption/Payment Basis:	[Redemption at par/ [●] per cent. of par] ( <i>N.B. only relevant for dated Subordinated Notes</i> )
12	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
13	Write-Down Event:	[Applicable/Not Applicable] <i>If Not Applicable, delete the remaining subparagraph of this paragraph. This provision may be applicable to issues by Zurich Finance (Luxembourg) S.A. and Zurich Finance (Australia) Limited but is not applicable to issues by Zurich Finance (UK) plc.</i>
	[(i)] Description of Write-Down Event	[ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover [●] per cent. of the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with the Applicable Regulations, as shown in the most recent FINMA Submission (and the date of such FINMA Submission shall be considered as the date on which the Write-Down Event occurs)/[specify details of any provision concerning an alternative Write-Down Event]. “ <b>FINMA Submission</b> ” means [●].
14	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
15	[(i)] Status of the Notes:	Subordinated
	[(ii)] Status of the Guarantee:	Subordinated
	[(iii)] Specified Maximum Amount:	[●]
	[(iv)] [Date [Board] approval for issuance of Notes	[●] ( <i>N.B. Only relevant where Board (or similar) authorisation is</i>

obtained:]

required for the particular tranche of Notes)]

### Provisions Relating to Interest (if any) Payable

- 16 Fixed Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “Fixed Rate End Date”)]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
  - (ii) Interest Payment Date(s): [●] in each year commencing on [●] to and including [●]
  - (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
  - (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
  - (v) Fixed Day Count Fraction: [30/360/Actual/Actual (ICMA)/[other] (please specify)]
  - (vi) Determination Dates: [●] in each year
- 17 Floating Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): [●]
  - (ii) Specified Interest Payment Dates: [●]
  - (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (iv) Additional Business Centre(s): [●]
  - (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
  - (vii) Screen Rate Determination: [Offered quotation/Arithmetic mean of offered quotations]
    - Reference Rate: [●] month [LIBOR/EURIBOR/ [other] (please specify)]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]
  - (viii) ISDA Determination:
    - Floating Rate Option: [LIBOR/EURIBOR/ [other] (please specify)]
    - Designated Maturity: [●]
    - Reset Date: [●]
  - (ix) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Margin Step-Up Date(s): [[●] [and ●]]/Not Applicable]
- (xii) Step-Up Margin: [[+/-][●] per cent. per annum/Margin [+/-] [1.00][●] per cent. per annum/[●]/Not Applicable]
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction: [[Actual/Actual]/[Actual/Actual/ISDA]/[Actual/365 (Fixed)],[Actual/360]/[30/360]/ [360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)],[Actual/Actual-ICMA]]

18 **Fixed Rate Reset Note Provisions**

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (xxxix) Initial Rate of Interest: [●] per cent. per annum payable in arrear [on each Interest Payment Date]
- (xl) Reset Rate: [Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond]
- (xli) Initial Reset Margin: [+/-][●] per cent. per annum
- (xlii) Subsequent Reset Margin: [[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00][●] per cent. per annum/Not Applicable]
- (xlili) Interest Payment Date(s): [●] [and ●] in each year up to and including the Maturity Date
- (xliv) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[●] per Calculation Amount/Not Applicable]
- (xlv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (xlvi) First Reset Date: [●]
- (xlvii) Subsequent Reset Date(s): [[●] [and ●]]/Not Applicable]
- (xlviii) Reset Rate Screen Page: [[●]/Not Applicable]
- (xlix) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
- (l) Mid-Swap Maturity: [[●]/Not Applicable]
- (li) Reference Banks: [●]
- (lii) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ICMA)],[Actual/Actual (ISDA)],[Actual/365 (Fixed)],[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
- (liii) Reset Determination Dates: [●]
- (liv) Calculation Agent: [●]
- (lv) Mid-Swap Benchmark Rate: [EURIBOR/LIBOR/[other] *(please specify)*/Not Applicable]
- (lvi) Benchmark Gilt [[●]/Not Applicable]
- (lvii) Reference Bond [[●]/Not Applicable]

**Provisions Relating to Redemption**

- 19 Call Option: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]

(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii)	Notice period:	[As per Condition 7(c)/[●]]
(iv)	Accounting Event Call:	[Applicable/Not Applicable]
(v)	Initial Accounting Treatment Methodology:	[liabilities/equity]
(vi)	Rating Agency Event Call:	[Applicable/Not Applicable]
(vii)	Regulatory Event Call:	[Applicable/Not Applicable]
(viii)	Clean-Up Event Call:	[Applicable/Not Applicable]
(ix)	Clean-Up Threshold Percentage:	[[●] per cent./Not Applicable]
(ix)	Clean-Up Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(x)	Special Event Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(xi)	Early Event Call Period:	[As per Condition 7(f)/[●]]
20	Final Redemption Amount of each Note:	[●] per Calculation Amount

**General Provisions Applicable to the Notes**

21	Form of Notes:	<p>Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]</p> <p>[In the case of Listed Swiss Franc Notes:] [Permanent Global SIS Note]</p>
22	New Global Note Form:	[Yes/No]
23	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 12(f):	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]
25	Consolidation provisions:	
(i)	Listed Swiss Franc Note:	[Yes/No]
(ii)	Identity of Principal Swiss Paying Agent and other Paying Agents:	[●]
26	Meetings of Noteholders	As per Condition 13(a)
27	Relevant Benchmark(s)	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof,

[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

**Responsibility**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

*Signed on behalf of the Issuer:*

By: .....

[By: .....

Duly authorised

Duly authorised]

*[Signed on behalf of the Guarantor:*

By: .....

[By: .....

Duly authorised

Duly authorised]]

## PART B — OTHER INFORMATION

### 28 Listing and Admission to Trading

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to admission to trading: [●]

### 29 Ratings:

- Ratings: The Notes to be issued have been rated:  
[S & P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]  
[and endorsed by [insert details]]

### 30 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]*

### 31 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- [(i) Reasons for the offer: [●]  
*(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii)] Estimated net proceeds: [●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii)] Estimated total expenses: [●]. [Include breakdown of expenses.]  
*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]]*

### 32 [Yield (Fixed Rate Notes only)

- Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 33 Operational Information

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. [Not Applicable/[●]]

and the relevant identification number(s):

- (iv) Delivery: Delivery [against/free of] payment  
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /  
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[*include this text for registered notes*] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## Distribution

- 34 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- 35 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 36 U.S. Selling Restrictions: [Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
- 37 Additional selling restrictions: [Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/*give details*]
- 38 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

## GENERAL INFORMATION

1. The update of the Programme and the issue of Notes has been duly authorised by resolutions of the Board of Directors of ZF (Luxembourg) on 8 May 2018, by resolutions of the Board of Directors of ZF (UK) on 20 April 2018 by resolutions of the Board of Directors of ZHCA on 14 May 2018 and by resolutions of the Board of Directors of ZF (Australia) on 14 May 2018. The update of the Programme and the issue and guarantee of Notes has been duly authorised by resolutions of the Board of Directors of ZIC dated 21 October 2009, 4 May 2011, 12 December 2015, 11 December 2016 and 14 December 2017.
2. Application has been made for Notes issued under the Programme to be admitted to trading on the Euro MTF Market, and listed on the Official List, of the Luxembourg Stock Exchange.
3. The Legal Entity Identifier for each of the Issuers is as follows:
  - (i) ZIC Insurance Company Ltd - 81560058C3C0CEB63B79;
  - (ii) Zurich Finance (Luxembourg) S.A. - 549300GLL7W7YGF3LR26;
  - (iii) Zurich Finance (UK) plc - 213800LG3O6I2B27MS24;
  - (iv) Zurich Holding Company of America, Inc. - 549300UWJXVWVO6BRM06; and
  - (v) Zurich Finance (Australia) Limited - 5493000MG51V5MO6LH60.
4. So long as Notes are capable of being issued under the Programme, copies of the documents are, or will, when published, be available free of charge from the registered office of each Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg and the documents set out in paragraph (iv) and (v) below will also be available for viewing on the Luxembourg Stock Exchange website at [www.bourse.lu](http://www.bourse.lu):
  - (i) the constitutional documents (with, if applicable, an English translation thereof) of each Issuer;
  - (ii) the most recently published (i) audited consolidated financial statements of the ZIC Group, together with the respective auditors' reports thereon and the notes thereto (if applicable); (ii) audited financial statements of ZIC, ZF (UK), ZF (Luxembourg) and ZF (Australia), together with the respective auditors' reports thereon and the notes thereto (if applicable) (in each case with, if applicable, an English translation thereof); (iii) the unaudited annual financial statements of ZHCA; and (iv) in respect of ZF (UK) and ZHCA only, any quarterly or half-yearly financial statements after the date hereof. None of ZF (Australia), ZF (Luxembourg) nor ZIC are required to publish interim accounts;
  - (iii) the Dealer Agreement, the Trust Deed, the Agency Agreement, the forms of the bearer and registered Global Notes and the Notes in bearer definitive and individual registered form, the Coupons, the Talons, each ZIC Senior Guarantee, each ZIC Subordinated Guarantee and each agency agreement entered into in relation to an issue of Listed Swiss Franc Notes (which will contain the form of permanent global certificate in respect of such Notes);
  - (iv) a copy of this Base Prospectus;
  - (v) any future base prospectuses, information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference, and Pricing Supplement (save that Pricing Supplement relating to a Note which is not admitted to listing, trading and/or quotation by any stock exchange, listing authority and/or quotation system will only be available for inspection at the registered office of the relevant Issuer by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer as to its holding and identity); and
  - (vi) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).
5. The Notes have been accepted for clearance and settlement through Euroclear (Boulevard du Roi Albert II B-1210 Brussels, Belgium), Clearstream (42, Avenue J. F. Kennedy, 1855 Luxembourg) and SIS. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream or SIS will be specified in the relevant Pricing Supplement. The CUSIP numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, if applicable, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Pricing Supplement.
6. The auditors of ZIC, for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland who are members of EXPERTsuisse - Swiss Expert Association for Audit, Taxes and Fiduciary. The auditors of ZF (Luxembourg), for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg, Luxembourg who are members of the Luxembourg *Institut des Réviseurs d'Entreprises*. The auditors of ZF (UK), for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers LLP, 31 Great George Street, Bristol BS1 5QD, United Kingdom who are members of the Institute of Chartered Accountants of England and Wales. The auditors of ZF (Australia) for the period commencing on the date of its incorporation on 29 March 2017 until 31 December 2017 are PricewaterhouseCoopers, One International Towers Sydney, Watermans Quay, Barangaroo, New South Wales, Australia who are members of Chartered Accountants Australia and New Zealand. The financial statements of the Issuers (other than ZHCA) and the Guarantor have been audited by their respective auditors. The financial statements of ZHCA are unaudited.



7. Since 31 December 2017 there has been no material adverse change in the prospects of ZIC, ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia) or the ZIC Group.
8. Since 31 December 2017 there has been no significant change in the financial or trading position of ZIC, ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia) or the ZIC Group.
9. Save as disclosed in this Base Prospectus on pages 143-144, there are no governmental, legal or arbitration proceedings (or any such proceedings which are pending or threatened of which any of the Issuers is aware) during the 12 months before the date of publication of this Base Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of any of the Issuers or on the ZIC Group.
10. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers, the Guarantor or the Issuer's or the Guarantor's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers or the Guarantor routinely hedge their credit exposure to the Issuers or the Guarantor in accordance with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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