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Confirmation of your representation: The attached document is delivered to you at your request and on the basis that you have confirmed to each of Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and Lloyds Bank plc (the “**Joint Lead Managers**”) and Demeter Investments B.V. (the “**Issuer**”) that (i) you are located outside United States and not a U.S. person (as defined in Regulation S under the Securities Act); and (ii) if you are in the UK, you are a relevant person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) if you are acting as a financial intermediary (as that term is used in Article 3(2) of the Prospectus Directive), the securities acquired by you as a financial intermediary in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their

offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); or (v) you are outside of the UK or EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) or (vi) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

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A hard copy of the document will be made available to you only upon request to the Joint Lead Managers.

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The Joint Lead Managers are acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

DEMETER INVESTMENTS B.V.

(incorporated with limited liability in the Netherlands, having its statutory seat in Amsterdam)

EUR 750,000,000

**Fixed to Floating Rate Notes due 2046
issued under the Secured Note Programme**

secured by

EUR 750,000,000

Fixed to Floating Dated Subordinated Notes due 2046

of

ZURICH INSURANCE COMPANY LTD

Issue Price: 99.851 per cent.

Demeter Investments B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands, with its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands (the "**Issuer**") is offering its EUR 750,000,000 Fixed to Floating Rate Notes due 2046 (the "**Notes**") secured by the EUR 750,000,000 Fixed to Floating Dated Subordinated Notes due 2046 of Zurich Insurance Company Ltd (the "**Original Collateral**" and the "**Collateral Obligor**", respectively). The Notes will bear interest from (and including) 24 May 2016 (the "**Interest Commencement Date**") to (but excluding) the Collateral Maturity Date, payable in arrear on each Interest Payment Date (as defined in the "Conditions of the Notes"). From (and including) the Interest Commencement Date to (but excluding) 1 October 2026, the Notes will bear interest at a rate of 3.500 per cent. per annum, and thereafter to (but excluding) the Collateral Maturity Date, the Notes will bear interest at a rate of interest, reset quarterly, of the euro interbank offered rate administered by the European Money Markets Institute for three-month euro deposits plus 3.950 per cent. per annum, provided that such interest amounts will only be payable to the extent that corresponding interest amounts are received by the Issuer under the Original Collateral (which may be subject to deferral pursuant to the terms and conditions of the Original Collateral), all as more particularly described in "Conditions of the Notes – 7. Interest".

The Notes will mature on the Interest Payment Date falling in October 2046, subject to early redemption in the circumstances described in this series prospectus (the "**Series Prospectus**").

The Notes are secured, limited recourse obligations of the Issuer.

The Notes are expected to be rated A by Standard & Poor's Credit Market Services Europe Limited. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and registered under the EU Regulation on credit rating agencies (Regulation (EC) No.1060/2009), as amended.

The Issuer has established its Secured Note Programme (the "**Programme**") under which the Issuer may from time to time issue notes. Holders of the Notes will not have access to the assets of the Issuer held in connection with any other notes issued pursuant to the Programme and similarly, holders of any other notes issued pursuant to the Programme will not have access to the assets held in connection with the Notes described in this Series Prospectus.

This document is a Series Prospectus, prepared for the purposes of Article 5(1) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC, the "**Prospectus Directive**"). This Series Prospectus contains information relating to the Notes issued by the Issuer. The Series Prospectus should be read in conjunction with the base prospectus dated 9 February 2016 relating to the Programme of the Issuer which has been approved by the Central Bank (as defined below) (the "**Base Prospectus**"). Unless defined herein, terms defined in the Base Prospectus have the same meanings in this Series Prospectus.

This Series Prospectus constitutes a "prospectus" for the purposes of the Prospectus Directive.

This Series Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under 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. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in this Series Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange and have been admitted to the Official List (the "**Official List**"). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Sole Structuring Adviser

Credit Suisse

Joint Lead Managers

Commerzbank

Deutsche Bank

Credit Suisse

Lloyds Bank

The date of this Series Prospectus is 20 May 2016

TABLE OF CONTENTS

RISK FACTORS..... 5

DOCUMENTS INCORPORATED BY REFERENCE 16

CONDITIONS OF THE NOTES 17

FORM OF THE NOTES 71

INFORMATION CONCERNING THE PURCHASE OF THE ORIGINAL COLLATERAL 74

INFORMATION CONCERNING THE COLLATERAL OBLIGOR 75

SUBSCRIPTION AND SALE 76

GENERAL INFORMATION..... 79

APPENDIX: COLLATERAL DOCUMENTATION..... 81

This Series Prospectus is supplemental to, and should be read in conjunction with, the Base Prospectus (see the section entitled “Documents Incorporated by Reference” below). This Series Prospectus includes particulars for the purpose of giving information with regard to the issue by the Issuer of the Notes.

The Issuer accepts responsibility for the information contained in this Series Prospectus (which, for the purpose of this section of the Series Prospectus, will include the sections of the Base Prospectus incorporated by reference herein). To the best of the Issuer’s knowledge (having 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 contained in the section of the Series Prospectus entitled “Information Concerning the Collateral Obligor” and in the Appendix to this Series Prospectus (the “**Third Party Information**”) has been obtained directly from the Collateral Obligor. The Issuer confirms that the Third Party Information has been accurately reproduced as received and that, so far as it is aware and is able to ascertain from the Third Party Information published, no facts have been omitted which would render the reproduced Third Party Information inaccurate or misleading.

The Issuer has not conducted extensive due diligence on the Third Party Information, or made any enquiries as to its own possession of non-publicly available information. The Issuer has only made very limited enquiries in relation to the Third Party Information, and none of the Issuer, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”), Deutsche Bank AG, London Branch and Lloyds Bank plc (together being the “**Joint Lead Managers**”) or BNP Paribas Trust Corporation UK Limited (the “**Trustee**”) makes any representation or warranty, express or implied, as to the accuracy or completeness of the Third Party Information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of the same.

Subject to the above the Issuer, having made all reasonable enquiries, confirms that this Series Prospectus contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Series Prospectus with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Series Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

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 or 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, the Trustee or any Joint Lead Manager. Neither the Issuer nor any Joint Lead Manager is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this Series Prospectus nor any sale of Notes made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Collateral Obligor since the date of this Series Prospectus 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 or the Collateral Obligor since the date of this Series Prospectus or the date upon which this Series Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The language of the 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 the applicable law.

This document is based on information provided by the Issuer, except for the Third Party Information which has been provided to the Issuer. The Joint Lead Managers, the Trustee and the Issuer in respect of the Third Party Information, are not making any representation or warranty that this information is accurate or complete and neither the Joint Lead Managers nor the Trustee are responsible for this information. This Series Prospectus summarises certain documents and other information in a manner the Issuer believes to be accurate, but investors should refer to the actual documents for a more complete understanding of the matters discussed in this Series Prospectus. In making an investment decision, investors must rely on their own examination of the terms of this offering and the Notes, including the merits and risks involved. This offering is being made on the basis of this Series Prospectus. Any decision to purchase the Notes in this offering must be based solely on the information contained in this Series Prospectus.

None of the Issuer, the Joint Lead Managers or the Trustee are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by it under any legal investment or similar laws or regulations. Investors should not consider any information in this document to be legal, business or tax advice. Investors should consult their own lawyers, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer reserves the right to withdraw the offering of the Notes at any time. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of Notes sought by it.

In connection with the issue of the Notes, the Joint Lead Managers may, in accordance with all laws and regulations, 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, there is no assurance that the Joint Lead Managers will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer is made and, if begun, may be ended 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 Joint Lead Managers in accordance with all applicable laws and rules.

The distribution of this Series Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Series Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and are issued in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons at any time. For a description of certain restrictions on offers and sales of Notes and on distribution of this Series Prospectus, see “Subscription and Sale” below.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank or any other deposit protection scheme. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes or entering into any other transaction.

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 or (iii) a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme 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 the supervision by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA and any successor authority (“**FINMA**”), and investors in the Notes will not benefit from protection or supervision by such authority.

This Series Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any Joint Lead Manager to subscribe for, or purchase, any Notes or to enter into any other transactions.

Neither the Joint Lead Managers nor the Trustee have separately verified the information contained in this Series Prospectus. None of the Joint Lead Managers or the Trustee makes any representation, express or implied, or, to the fullest extent permitted by law, accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Series Prospectus or for any other statement made or purported to be made by a Joint Lead Manager or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager and the Trustee 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.

Prospective purchasers of Notes should have regard to the factors described under the section headed “Risk Factors” in this Series Prospectus. This Series Prospectus does not describe all of the risks of an investment in the Notes. Neither this Series Prospectus nor any financial statements referred to herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Joint Lead Managers or the Trustee that any recipient of this Series Prospectus or any such other financial statements should purchase the Notes.

Prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements, the Original Collateral, the Collateral Obligor and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Prospective purchasers of the Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in, or incorporated by reference into, this Series Prospectus and the merits and risks of investing in the Notes in the context of their financial position and circumstances. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer, the Original Collateral or the Collateral Obligor during the life of the arrangements contemplated by this Series Prospectus or the term of any Notes issued nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers. The risk factors identified in this Series Prospectus are provided as general information only and the Joint Lead Managers disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

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

RISK FACTORS

The risk factors set out below should be read in addition to those set out in pages 18 to 61 of the Base Prospectus and, in the event of any inconsistency, the risk factors set out below will prevail. Such risk factors are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them. Neither the Issuer nor any Joint Lead Manager is in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.

For the purposes hereof, capitalised terms used but not otherwise defined herein will have the meaning given to them in the Conditions of the Notes.

Risks Related to the Notes

Limitations on claims against the Issuer

The Notes are solely obligations of the Issuer and the Collateral Obligor does not have any obligation to the Noteholders for payment of any amount due in respect of the Notes. The Issuer is a special purpose vehicle established, *inter alia*, for the purpose of issuing the Notes. The Notes are limited in recourse to the Mortgaged Property which includes, *inter alia*, the Issuer's rights in respect of the Collateral. Other than the Mortgaged Property, there are no other assets of the Issuer available to meet any outstanding claims of the Secured Creditors, including the Noteholders.

Priority of claims

During the term of the Notes, following a Liquidation and on an enforcement of the Security, the rights of the Noteholders to be paid amounts or delivered assets due under the Notes will be subordinated to (i) the payment or satisfaction of all taxes owing by the Issuer, (ii) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (which may include, for example, the fees of any receiver appointed by the Trustee in the case of an enforcement of the Security and, in all instances, the Trustee's remuneration), (iii) the fees, costs, charges, expenses and liabilities due and payable to the Enforcement Agent including costs incurred in the enforcement of the Security (which may include, for example, the Enforcement Agent's remuneration), (iv) certain amounts owing to the Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and (v) the fees of the Disposal Agent.

There is no assurance that the proceeds and/or assets available following payment of any such priority claims will be sufficient to pay in full the amounts that the relevant Noteholders would expect to receive or that such Noteholders will receive back the amount, or assets with a value equal to the amount, they originally invested.

Original Collateral subordination and potential deferral of interest payments

The obligations of the Collateral Obligor under the Original Collateral are subordinated and will rank junior in priority of payment to the claims of Senior Creditors (as defined in the Collateral Conditions). Furthermore, the Collateral Obligor has the option to defer payments of interest on the Original Collateral when such interest has accrued in respect of an interest period which ends on an Optional Interest Payment Date (as defined in the Collateral Conditions) and may be required to defer payment of interest on the Original Collateral if a Solvency Event (as defined in the Collateral Conditions) has occurred. Certain Arrears of Interest (as defined in the Collateral Conditions) may only be payable on the Original Collateral subject to the prior written approval of FINMA, no Solvency Event (as defined in the Collateral Conditions) having occurred or continuing and the payment of such Arrears of Interest or any other amount not itself causing a Solvency Event (as defined in the Collateral Conditions).

Any event that causes the Collateral Obligor not to make all or part of any payments on the Original Collateral will result in corresponding reductions and delays in respect of interest and principal (if any) payable in respect of the Notes. In addition, any event that causes the Collateral Obligor not to make all or part of any payments on the Original Collateral, or if there is a perception in the market that any such event may occur, the occurrence of such event, or the perception that any such event may occur, may have an adverse effect on the market value of the Notes.

There is a real risk that the Noteholders may lose all or some of their investment should the Collateral Obligor become insolvent.

Final Redemption of the Notes

Provided that no Collateral Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred, each Note shall be redeemed on the Maturity Date at its Final Redemption Amount. The Maturity Date will be the second Business Day immediately following the Collateral Maturity Date, which is expected to be on or around the Collateral Scheduled Maturity Date. If, however, a Solvency Event (as defined in the Collateral Conditions) has occurred and is continuing on the Collateral Scheduled Maturity Date or would occur as a result of the relevant redemption, the Original Collateral shall not be redeemed unless FINMA has exceptionally waived the suspension of redemption of the Original Collateral and the Original Collateral is exchanged for or converted into capital of at least the same quality or as otherwise permitted under the then Applicable Regulations (as defined in the Collateral Conditions), and the Collateral Maturity Date will be postponed until either the obtaining of such exceptional waiver or no Solvency Event is continuing (including following the relevant redemption) and the giving or notice to, among others, the holder of the Original Collateral.

Noteholders should therefore be aware that if the Notes do not redeem early, they may be required to bear the financial risk of an investment in the Notes until at least the Collateral Scheduled Maturity Date, if not longer.

The Final Redemption Amount in respect of each Note is expected to be equal to its outstanding nominal amount. However, there is no guarantee that the Issuer will receive from the Collateral Obligor the Collateral Final Redemption Amount in full in order to fund the Final Redemption Amount on the Notes. Noteholders must therefore be able and willing to accept a return, even on final redemption, that is less than their original investment.

Early redemption of the Notes

The Notes may be redeemed prior to the Maturity Date on the occurrence of any of a Collateral Call, a Collateral Event (a Collateral Call and a Collateral Event being events relating to the Original Collateral and/or the Collateral Obligor), a Tax Event, an Illegality Event or an Event of Default (a Tax Event, an Illegality Event and an Event of Default being events relating to the Notes and/or the Issuer and/or amounts receivable by the Issuer in respect of the Original Collateral).

Following the occurrence of any such event, the Collateral may be liquidated by the Disposal Agent (where such event constitutes a Liquidation Event) or the Security, including the Security in respect of the Original Collateral, may be enforced (refer to Condition 14 (*Enforcement of Security*) for a description of when the Security may become enforceable) in order to fund the payment of the Early Redemption Amount on redemption of the Notes.

If the Notes are redeemed upon the occurrence of a Collateral Call, a Collateral Event, a Tax Event, an Illegality Event or an Event of Default, the amount actually received by an investor in the Notes may be less than the amount invested by such investor. In addition, following the occurrence of a Collateral Call, or if there is a perception in the market that a Collateral Call may occur, such occurrence of a Collateral

Call, or perception that a Collateral Call may occur, may have an adverse effect on the market value of the Notes.

Refer to Condition 8 (*Redemption and Purchase*) and the risk factor contained in the base prospectus in respect of the Original Collateral dated 27 May 2015 (the “**Original Collateral Prospectus**”) entitled “**Notes or Capital Notes Redeemable at the relevant Issuer’s Option**” for more details.

See “**The Notes are linked to the creditworthiness of the Collateral Obligor and the Collateral**”, “**Any liquidation of the Collateral may yield sales proceeds that are substantially below the aggregate nominal amount of the Notes**” and “**Collateral**” below for a description of the risks associated with any early redemption of the Notes.

The Notes are linked to the creditworthiness of the Collateral Obligor and the Collateral

Investors should note that the Notes differ from ordinary debt securities in that the amount of interest and principal (if any) payable by the Issuer in respect of the Notes is dependent on, amongst other things, whether a Collateral Event or a Collateral Call has occurred in respect of the Collateral. Where a Collateral Event or a Collateral Call has occurred, the Notes may be redeemed, at which point they will cease to bear interest and the value paid to Noteholders on redemption may be less than their original investment or may be zero. The likelihood of a Collateral Event or a Collateral Call occurring in respect of the Collateral will generally fluctuate with, among other things, the financial condition and other characteristics of the Collateral Obligor, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in such Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Investors should further note that the Collateral Obligor’s business is subject to detailed, comprehensive laws and regulations as well as close supervision in all the countries in which it operates. Changes in existing laws and regulations and their interpretation may affect the way in which the Collateral Obligor conducts its businesses and the products it may offer. Changes in regulations relating to pensions and employment, social security, financial services including reinsurance business, taxation, securities products and transactions may necessitate the restructuring of its activities, impose increased costs and thereby, or otherwise, could have material adverse effects on the Collateral Obligor’s business.

Refer to the risk factor contained in the Original Collateral Prospectus for the Original Collateral entitled “**Regulatory or legal changes**” for more details.

Any Liquidation of the Collateral may yield sales proceeds that are substantially below the aggregate nominal amount of the Notes

Following the occurrence of a Liquidation Event in respect of the Issuer (refer to the Conditions and in particular Condition 1(a) (*Definitions*), Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 8(e) (*Redemption Following an Illegality Event*) for a description of the instances where a Liquidation Event may occur, provided that no intervening Collateral Event occurs), the amount receivable by the Noteholders is dependent on the proceeds of sale of the Collateral. The amount of such proceeds may be affected by factors other than the occurrence of such Liquidation Event. The Collateral may be illiquid, thereby adversely affecting the market value of such Collateral that in turn will impact on the amount payable to the Noteholders in respect of such Liquidation Event. The transfer of the Original Collateral is subject to certain restrictions. In particular, the Original Collateral can only be transferred to certain Qualifying Banks or a Permitted Non-Qualifying Lender (refer to the Original Collateral Prospectus for the Original Collateral set out in the Appendix to this Series Prospectus, in particular the restrictions set out in Collateral Condition 10(j) (*Restrictions on Transfer of Certain Notes*) and Collateral Condition 10(k) (*Grants of Security*)).

Such transfer restrictions mean that there is no established trading market in the Original Collateral. As a result, on a Liquidation of the Collateral, the proceeds of sale received on such Liquidation may be substantially lower than the aggregate nominal amount of the Notes.

The Issuer may be substituted in order to avoid certain adverse tax or legal consequences

On the occurrence of a Tax Event or an Illegality Event, the Issuer may be substituted in order to avoid the occurrence of certain adverse tax or legal consequences. Such substitution must be approved beforehand in writing by the Trustee and no such substitution may occur where it results in any rating assigned to the Notes being adversely affected. Refer to Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 8(e) (*Redemption Following an Illegality Event*) for further details.

In connection with any such substitution of the Issuer, the Trustee need not have regard to the consequences of such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. Any such substitution could result in a Noteholder or Couponholder becoming subject to certain taxes, levies or other charges as may be required by the law of the relevant territory (including, but not limited to, where such substitution is considered to result in a disposal of the previously issued Notes).

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

The Collateral Conditions of the Original Collateral provide that the Collateral Obligor shall make all payments of principal and interest on the Collateral, free of any withholding or deduction for or on account of any taxes, levies, imposts, duties or assessments or governmental charges in Switzerland unless such withholding or deduction is required by Swiss law (including by agreement under FATCA). The Collateral Obligor is not at the date of issue of the Original Collateral required by law to make such deduction or withholding, subject to the Collateral Obligor and the Issuer, as applicable, at all times while the Original Collateral is outstanding, complying with the undertakings in Collateral Conditions 10(j) (*Restrictions on Transfer of Certain Notes*), (including subparagraph (vi) (*Restrictions on Transfer of Certain Notes – Non-Bank Rules*) thereunder) and 10(k) (*Grants of Security*) of the Original Collateral.

Although the Collateral Conditions of the Original Collateral provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Collateral Obligor shall, subject to certain exceptions, pay additional amounts so that the net amount received by the holders of the Original Collateral shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such an obligation may contravene Swiss legislation and be null and void.

If the Collateral Obligor becomes obliged to pay additional amounts in respect of the Collateral following the imposition of any withholding or deduction in respect of payments of principal and interest under the Collateral as a result of a change in, or amendment to, the laws and regulations of Switzerland, the Collateral Obligor may, provided that such obligation cannot be avoided by the Collateral Obligor taking reasonable measures available to it and provided that FINMA or any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over the Collateral Obligor has given (and has not subsequently withdrawn) its consent to the redemption if such consent is required, redeem all of the Collateral, which will result in the redemption of all of the Notes in accordance with Condition 8(b) (*Redemption Following a Collateral Call*).

Withholding on, or other taxes or tax reporting requirements with respect to, the Notes and/or the Original Collateral

The Issuer expects that payments of interest and principal (if any) on the Notes will ordinarily not be subject to withholding tax or any other taxes, duties or charges in the Netherlands or any other jurisdiction. In the event that (i) any tax, duty or charge must be withheld, accounted for or deducted from payments of principal or interest in respect of the Notes (other than a withholding or deduction in respect of FATCA), (ii) any tax, duty or charge must be withheld, accounted for or deducted from any income of the Issuer such that it would be unable to make any payment in respect of the Notes in full when due, (iii) the Issuer is or will be unable to receive any payment due in respect of the Collateral in full without a deduction for or on account of any withholding tax, back-up withholding or other tax, duty or charge in any jurisdiction, (iv) the Issuer is or will be required to pay any tax, duty or charge in any jurisdiction in respect of any payment received in respect of the Collateral, (v) the Issuer is or will be required to comply with any tax reporting requirement (other than in respect of FATCA) in the Netherlands or Switzerland in respect of any payment received in respect of the Collateral, (vi) a withholding is imposed on payments in respect of the Collateral as a result of FATCA or (vii) any other Tax Event has occurred in accordance with Condition 8(d) (*Redemption for Taxation Reasons*), the Issuer shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal debtor or to change its residence for taxation purposes to another jurisdiction and, if it is not able to arrange such substitution or change, it shall redeem the Notes (subject to certain exceptions and all as more fully set out in, and subject to, Condition 8(d) (*Redemption for Taxation Reasons*)).

In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Noteholders will not be entitled to receive any additional 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; however, as set out above, the Notes may be redeemed pursuant to Condition 8(d) (*Redemption for Taxation Reasons*).

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes and the Trust Deed also provide that the Trustee, in certain circumstances and without the consent of Noteholders, (i) may agree to any modification of any of the Conditions or any of the provisions of the Transaction Documents that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or (ii) shall agree to any modification of any of the provisions of the Trust Deed, or any other documentation in connection with the issue of the Notes, if the Collateral Obligor has exercised its rights pursuant to Collateral Condition 6(f) (*Substitution or Variation*) to substitute all (but not some only) of the Original Collateral or to vary the terms of the Original Collateral. The Trustee may also agree, without the consent of the Noteholders, to (i) any other

modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any provisions of the Transaction Documents that in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer. Notwithstanding the foregoing, the Trustee shall only be obliged to agree to modifications in connection with any such substitution or variation of the terms of the Original Collateral, if it has received a signed certificate of the Issuer in accordance with the provisions of Condition 20(b)(ii) (*Modification of these Conditions and/or any Transaction Document*).

Managers' Security

The proceeds of the Managers' Security will, in the event that the Managers' Security becomes enforceable, be held by the Managers' Trustee on behalf of itself and the Joint Lead Managers and applied in respect of any Manager's Claims. 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.

Credit Ratings

The Notes and the Original Collateral are rated securities. Prospective investors should ensure they understand what any rating associated with the Notes means and what it addresses and what it does not address. The assignment of a rating to the Notes should not be treated by a prospective investor as meaning that such investor does not need to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Neither Credit Suisse nor the Issuer in any way represents that a rating is an accurate reflection of the risks involved in an investment in the Notes, that the relevant rating agency is an appropriate rating agency or the models used by such rating agency are appropriate for the Notes. The fact that Credit Suisse and the other Joint Lead Managers request a rating should not be treated by a prospective investor as meaning that Credit Suisse or the other Joint Lead Managers accept any responsibility for the rating or the work of the relevant rating agency or that Credit Suisse or the other Joint Lead Managers share the views of such rating agency, and each investor needs to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes. Further, the terms on which a rating is provided by a rating agency may include a disclaimer or an exclusion by such rating agency of any liability to any person in respect of such rating.

During its holding of a Note, a Noteholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Note. Such steps should not rely solely on ratings. In particular, prospective investors should not rely solely on downgrades of ratings as indicators of deteriorating credit. Market indicators (such as rising credit default spreads and yield spreads with respect to the relevant entity) often indicate significant credit issues prior to any downgrade. No assurance can be given that the Notes will have the same credit rating as the Original Collateral subsequent to any reduction in the credit rating of an Agent or otherwise.

During the global financial crisis, rating agencies have been the subject of criticism from a number of global governmental bodies that they did not downgrade entities on a sufficiently quick basis.

Prospective investors who place too much reliance on ratings, or who do not understand what the rating addresses, may be subject to unexpected losses as a result.

Risks Related to the Market

Limited liquidity of the Notes

Although application will be made to admit the Notes to the Official List of the Irish Stock Exchange and admit them to trading on the regulated market of the Irish Stock Exchange, there is currently no secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Notes. Consequently, any investor of the Notes must be prepared to hold such Notes until redemption of the Notes. If the Joint Lead Managers begin making a market for the Notes, they are under no obligation to continue to do so and may stop making a market at any time.

Risks Related to the Collateral

Risk factors relating to the Original Collateral are provided in the sub-section titled “**Risk Factors**” of the Original Collateral Prospectus for the Original Collateral attached at the Appendix hereto.

Limited Access to Information

None of the Issuer, the Trustee or the Noteholders or any other person will have any right to receive any information regarding the Collateral Obligor or the Original Collateral (save to the extent that the Issuer is entitled to receive information relating to the Collateral Obligor by virtue of its holding of Original Collateral). During the term of the Notes, Credit Suisse may acquire confidential information with respect to the Collateral Obligor or any obligations or duties of the Collateral Obligor and it shall not be under any duty to disclose such confidential information to any Noteholder.

Provision of information

None of the Issuer, the Trustee, the Managers' Trustee, the Joint Lead Managers or any affiliate of such persons (i) has provided (beyond what is included in this Series Prospectus) or will provide prospective purchasers of Notes with any information or advice with respect to the Collateral, the Collateral Obligor or the Custodian, or (ii) makes any representation as to the credit quality of the Collateral, the Collateral Obligor or the Custodian. The Issuer, the Trustee, the Managers' Trustee, the Joint Lead Managers or any affiliate of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Collateral or the Collateral Obligor which will not be disclosed to Noteholders. The timing and limited scope of the information provided to Noteholders regarding the Collateral, the Collateral Obligor and the occurrence of a Collateral Event or a Collateral Call may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly. None of the Issuer, the Trustee, the Managers' Trustee, the Joint Lead Managers or any affiliate of such persons is under any obligation to make such information, whether or not confidential, available to Noteholders.

No investigations

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Managers' Trustee or the Enforcement Agent in respect of the Collateral or the Collateral Obligor. None of the Issuer, the Joint Lead Managers, the Trustee, the Managers' Trustee or the Enforcement Agent makes any representation or warranty, express or implied, in respect of the Collateral or the Collateral Obligor or in respect of any information contained in any documents prepared, provided or filed by or on behalf of the Collateral Obligor or in respect of such Collateral with any exchange, governmental, supervisory or self-regulatory authority or any other person.

Limitations on enforcement against the Collateral Obligor

In no circumstances shall the Trustee or, as the case may be, the Managers' Trustee be permitted when acting in its capacity as trustee for the Noteholders or the Joint Lead Managers, nor shall the Noteholders or the Joint Lead Managers (when acting in their respective capacities) be permitted, to take any action against the Collateral Obligor or enforce any claim that the Issuer may have against the Collateral Obligor under the Collateral or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable. Further, no Noteholder shall be entitled to give directions to the Enforcement Agent in relation to the manner in which any enforcement action is pursued against the Collateral Obligor. In no circumstances will any Collateral be delivered to a Noteholder.

Collateral

Noteholders are exposed to the market price of the Collateral. The Issuer may have to fund its payments by the sale of some or all of the Collateral at a market value. The market price of the Collateral 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 Obligor. The transfer of the Original Collateral is subject to certain transfer restrictions which may have a severely adverse effect on the market value of the Collateral (see below the risk factor entitled "Transfer restrictions in respect of the Collateral" for more details).

In addition, any event that causes the Collateral Obligor not to make all or part of any payments on the Collateral will result in corresponding reductions and delays in respect of interest and principal (if any) payable in respect of the Notes.

Noteholders will be subject to whatever redemption triggers are applicable to the Collateral as set out in the terms and conditions thereof. A redemption of the Collateral will result in the redemption of the Notes. Consequently, if at any time the Collateral becomes redeemable or repayable for whatever reason, the Issuer shall redeem each Note on the Collateral Call Redemption Date or Early Redemption Date, as the case may be. The amount payable to a Noteholder in such circumstances will be such Note's *pro rata* share of the Collateral Redemption Amount (in the case of a Collateral Call) or each Note's *pro rata* share of the Available Proceeds on enforcement of the Security (in the case of a Collateral Event).

Although the terms and conditions of the Collateral provide for the possibility of the Collateral being redeemed at the option of the Collateral Obligor from 1 October 2026, the Collateral Obligor is then still under no obligation to exercise its option to redeem the Collateral. Accordingly, Noteholders should be aware that the Notes may not be redeemed despite any right to redeem the Collateral having arisen.

Determinations

The determination as to whether a Collateral Event has occurred shall be made by the Calculation Agent and without regard to any related determination by the Collateral Obligor or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the Collateral Obligor.

Purchase, Exchange or Retirement of Notes: Tender Offers and Exchange Offers

The terms of the Notes provide that in certain circumstances (as set out in Condition 8(g) (*Purchases*)), the Issuer may participate in a Collateral Obligor Tender Offer or a Collateral Obligor Exchange Offer (each as defined in Condition 8(g) (*Purchases*)) with respect to the Collateral. If, in such circumstances, the Collateral Obligor defaults in the performance of its payment obligations under the terms of any such Collateral Obligor Tender Offer or Collateral Obligor Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment obligations to Noteholders in respect of any corresponding Issuer Tender Offer or Issuer Exchange Offer (each as defined in Condition 8(g) (*Purchases*)). Any failure by

the Issuer to make a payment due in connection with any Issuer Tender Offer or Issuer Exchange Offer shall constitute a default in payment in respect of the Notes for purposes of Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), 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 Obligor in respect of any Collateral Obligor Tender Offer or Collateral Obligor Exchange Offer, regardless of whether or not they participate in any corresponding Issuer Tender Offer or Issuer Exchange Offer.

Transfer restrictions in respect of the Collateral

The transfer of the Collateral is subject to certain restrictions, including but not limited to the restrictions set out in Collateral Condition 10(j) (*Restrictions on Transfers of Certain Notes*) and Collateral Condition 10(k) (*Grants of security*). The Collateral is not listed or admitted to trading on any exchange and has not been accepted for clearance through any clearing system. As a result, there will be no established trading market in the Collateral and the Collateral will be illiquid. The illiquidity of the Collateral may have a severely adverse effect on the market value of the Collateral.

Risks Related to the Trustee and/or the Agents

Trustee and/or Enforcement Agent indemnity and remuneration

In certain circumstances, the Noteholders may be dependent on the Trustee and/or Enforcement Agent to take certain steps, actions or proceedings in respect of the Notes, in particular if the Security in respect of the Notes becomes enforceable under the Conditions. Prior to taking such steps, actions or proceedings the Trustee and/or Enforcement Agent may require to be indemnified and/or secured and/or prefunded to its satisfaction. If the Trustee and/or Enforcement Agent is not indemnified and/or secured and/or prefunded to its satisfaction, it may decide not to take such steps, actions or proceedings and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either arrange for such indemnity and/or security and/or prefunding or accept the consequences of such inaction by the Trustee and/or Enforcement Agent. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or prefunding and/or the consequences of any such inaction by the Trustee and/or Enforcement Agent. Such inaction by the Trustee and/or Enforcement Agent will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Trust Deed or the Notes (although the events giving rise to the need for Trustee action might also permit the Noteholders to exercise certain rights directly under the Conditions).

So long as any Note is outstanding, the Issuer shall pay the Trustee and Agents remuneration for their services. Unless alternative arrangements are in place to finance such remuneration, such remuneration may reduce the amount payable to Noteholders.

Replacement of the Trustee or any Agent

If the Trustee or any Agent needs to be replaced, whether by reason of a Bankruptcy Event (in the case of the Calculation Agent, Disposal Agent or Enforcement Agent) or otherwise, such replacement may delay certain determinations and related payments and/or deliveries on the Notes and there is no guarantee that any replacement will be found. Any delay or failure to appoint such a replacement may have adverse consequences for the Noteholders.

Business relationships

There is no limitation or restriction on any Joint Lead Manager or any of its affiliates with regard to acting as adviser (or acting in any other similar role) to other parties or persons or entering into, performing or enforcing its rights in respect of a broad range of transactions in various capacities for its own account and for the account of other persons from time to time in relation to its business. This, and other future

activities of it and/or its affiliates, may give rise to conflicts of interest. These interests may conflict with the interests of the Noteholders, and the Noteholders may suffer a loss as a result.

The Issuer and/or each Joint Lead Manager may have existing or future business relationships with the Collateral Obligor (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect their and/or its interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Collateral Call or Collateral Event) without regard to the consequences for a Noteholder.

The Issuer and each Joint Lead Manager may deal in any derivatives linked to the obligations or shares of the Original Collateral and any other obligations of the Collateral Obligor and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the Collateral Obligor and may act with respect to them in the same manner as it would have had had the Notes not been in issue, regardless of whether any such action might have an adverse effect on the Collateral, the Collateral Obligor or the position of a Noteholder or otherwise.

General Risks

Third Party Information

The Issuer has only made very limited enquiries with regards to, and none of the Joint Lead Managers has verified or accepts any responsibility for, the accuracy and completeness of the information in this Series Prospectus regarding the Third Party Information. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than EUR. These include the risk that exchange rates may significantly change (including changes due to a devaluation of EUR or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal and interest payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal at all.

The Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer has registered with the U.S. Internal Revenue Service as a reporting foreign financial institution for these purposes.

A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA

provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer) and/or characterised as equity for U.S. tax purposes. However, if additional notes (as described under “Terms and Conditions – Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Savings tax based on the Agreement between the European Community and Switzerland – Paying Agents in Switzerland

In accordance with the agreement of 26 October 2004 between the European Community and Switzerland (the “**Agreement**”), which provides for measures equivalent to those laid down in Council Directive 2003/48EC on the taxation of savings income in the form of interest payments or similar income (the “EU Savings Directive”), interest payments in respect of Notes by a paying agent in Switzerland are subject to savings tax at a rate of 35 per cent. (with the option of the individual to have the paying agent in Switzerland and the relevant Swiss authorities provide to the tax authorities of the EU Member State in which the individual resides, the details of the interest payments in lieu of the withholding). In accordance with the terms of the Notes, Noteholders will not be entitled to receive any additional amounts to compensate them from any such withholding.

In the context of the repeal of the EU Savings Directive by the European Commission by Council Directive (EU) 2015/2060 of 10 November 2015, Switzerland and the European Community signed on 27 May 2015 an amendment protocol to the Agreement, which would introduce, if ratified, an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014, in lieu of the withholding system, and expand the range of payments covered. The amendment is pending approval by the Swiss Parliament and, subject to approval and an optional referendum, is expected to enter into force on 1 January 2017. Subject to these conditions, the EU and Switzerland intend to collect account data from 2017 and exchange it from 2018 once the necessary Swiss implementing legislation enters into effect.

DOCUMENTS INCORPORATED BY REFERENCE

This Series Prospectus should be read and construed in accordance with:

- 1 The Base Prospectus which, except for the following sections, shall be deemed to be incorporated in, and form part of, this Series Prospectus:
 - (i) Master Conditions (pages 64 to 130 inclusive)
 - (ii) Pass-Through Note Terms Product Supplement (pages 131 to 132 inclusive);
 - (iii) CLN Conditions Product Supplement (pages 133 to 199 inclusive);
 - (iv) Collateral Basket Product Supplement (pages 200 to 205 inclusive);
 - (v) Summary of Provisions relating to the Notes while in Global Form (pages 206 to 210 inclusive);
 - (vi) Crest Clearing Arrangements (pages 211 to 212 inclusive);
 - (vii) Description of the Swap Counterparty (page 216);
 - (viii) Original Collateral (page 217);
 - (ix) The Swap Agreement (pages 218 to 221 inclusive);
 - (x) Subscription and Sale (pages 231 to 234 inclusive);
 - (xi) Appendix 1 – Form of Final Terms (pages 237 to 245 inclusive); and
 - (xii) Appendix 2 – Form of Issue Terms of an Alternative Drawdown Document (pages 246 to 258 inclusive).

The non-incorporated sections of the Base Prospectus are either not relevant for investors in the Notes or are covered elsewhere in this Series Prospectus. A copy of the Base Prospectus can be found at:

http://www.ise.ie/debt_documents/Base%20Prospectus_b38b9fb9-b342-4b86-8ed6-50421c5c94c1.PDF?v=2912016

- 2 For the purpose of this Series Prospectus, references in the Base Prospectus to the Master Conditions shall be to the terms and conditions set out below under “Conditions of the Notes”.

The Master Conditions set out in the Principal Trust Deed (as such term is defined in the Base Prospectus) shall be deemed not to apply to the Notes and the terms and conditions set out below under “Conditions of the Notes” shall apply to the Notes instead.

- 3 The audited financial statements of the Issuer for the financial year ended 31 December 2014 (the “**2014 Accounts**”) shall be deemed to be incorporated in, and form part of, this Series Prospectus. The 2014 Accounts have been filed with the Central Bank of Ireland and the Dutch Chamber of Commerce and can be found at:

[http://www.demeterinvestmentsbv.nl/documenten/34278112/Demeter%20Investments%20B.V.%20-%20Annual%20Accounts%202014%20\(unsigned\).pdf](http://www.demeterinvestmentsbv.nl/documenten/34278112/Demeter%20Investments%20B.V.%20-%20Annual%20Accounts%202014%20(unsigned).pdf)

There has been no material adverse change in the financial position or the prospects of the Issuer since 31 December 2014, being the date of the Issuer’s last audited financial statements.

CONDITIONS OF THE NOTES

The following is the text of the terms and conditions applicable to the Notes. The full text of these terms and conditions shall be endorsed on any Bearer Note relating to the Notes in definitive form (if issued).

The Notes are constituted and secured by the Trust Deed entered into between the Issuer, the Trustee, the Managers' Trustee and the Enforcement Agent. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Coupons and Talons referred to below.

An Agency Agreement has been entered into in relation to the Notes between the Issuer, the Trustee, BNP Paribas Securities Services, Luxembourg Branch as initial issuing and paying agent and the other agents named in it.

The Issuer and the Joint Lead Managers have entered into a syndication agreement dated 20 May 2016 with respect to the Notes (the "**Syndication Agreement**").

The Issuer and Zurich Insurance Company Ltd have entered into a purchase agreement dated 20 May 2016 (the "**Purchase Agreement**") in respect of the purchase by the Issuer of the EUR 750,000,000 Fixed to Floating Dated Subordinated Notes due 2046 issued by the Collateral Obligor (the "**Original Collateral**").

The issuing and paying agent, the calculation agent, the custodian, the disposal agent, the enforcement agent and the paying agents for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Calculation Agent**", the "**Custodian**", the "**Disposal Agent**", the "**Enforcement Agent**" and the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent) and collectively as the "**Agents**".

Copies of the Programme Deed, the execution of which most recently amended and restated the Principal Trust Deed and the Agency Agreement, together with any amendments and/or supplements to such Programme Deed that are relevant to the Notes and the applicable versions of the relevant master terms documents incorporated into such Programme Deed, the Syndication Agreement, and the Purchase Agreement are available for inspection, so long as any of the Notes remain outstanding, by prior appointment during usual business hours at the registered office of the Issuer and the Specified Offices of the Paying Agents.

The Noteholders and the holders of the interest coupons appertaining to the Notes (the "**Coupons**") and talons for further Coupons (the "**Talons**") (such holders of either Coupons or Talons being referred to herein as the "**Couponholders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them in the Agency Agreement and the Purchase Agreement.

As used in the Conditions, "**Tranche**" means Notes of the Series that are issued on the same date and that are identical in all respects.

1 Definitions and Interpretation

(a) Definitions

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed. In the event of any inconsistency between the terms of the Issue Deed relating to the Notes and the terms of the Principal Trust Deed, the terms of the Issue Deed shall prevail. In addition, the following expressions have the following meanings:

"**Affiliate**" means, in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls, directly or indirectly, that person or any entity, directly or indirectly,

under common control with that person. For this purpose “**control**” means ownership of a majority of the voting power of the entity or person.

“**Agency Agreement**” means the agency agreement originally entered into by the Issuer, BNP Paribas Securities Services, Luxembourg Branch as initial issuing and paying agent and the other agents named in the Programme Deed by execution of the Programme Deed, as amended by the provisions of the Issue Deed.

“**Agents**” has the meaning given to it in the recitals to these Conditions.

“**Available Proceeds**” means, with respect to a Liquidation Event or Enforcement Event, as of a particular day:

- (i) all cash sums derived from any Liquidation of Collateral for the Notes, any amounts realised by the Trustee, the Enforcement Agent or any receiver on enforcement of the Security and all other cash sums available to the Issuer or the Trustee, as the case may be, derived from the Mortgaged Property; less
- (ii) any cash sums which have already been applied by the Issuer pursuant to Condition 16(a) (*Application of Available Proceeds of Liquidation*) on any Issuer Application Date or by the Trustee pursuant to Condition 16(b) (*Application of Available Proceeds of Enforcement of Security*) on any Trustee Application Date, as the case may be.

“**Bank**” has the meaning given to it in Condition 10(a) (*Payments of Principal and Interest*).

“**Bankruptcy Credit Event**” means the occurrence of a Credit Event as a result of Bankruptcy, and with each of “Credit Event” and “Bankruptcy” having the meaning given to them in the ISDA Credit Derivatives Definitions.

“**Bankruptcy Event**” means, with respect to a party, (i) such party (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors’ rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (G) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (H) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i)(A) to (G), (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of such party, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market

standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions and/or (iii) such party is an Affiliate of another party and a Bankruptcy Event has occurred with respect to such other party (provided that, for the purposes of determining whether a Bankruptcy Event has occurred with respect to such other party, subparagraph (iii) of this definition shall be disregarded).

"Bearer Notes" has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

"Business Day" means a Reference Business Day.

"Calculation Agent" has the meaning given to it in the recitals to these Conditions.

"Calculation Agent Bankruptcy Event" means (i) the Calculation Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (G) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (H) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i)(A) to (G) and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Calculation Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

"Calculation Agent Business Day" means a business day in the jurisdiction of the Calculation Agent.

"Collateral" means the Issuer's rights, title and/or interests in and to the Original Collateral (as defined above but excluding any Original Collateral that the Issuer may have sold or otherwise disposed of as permitted by these Conditions) and shall include the rights, title and/or interests in and to (i) any further Collateral acquired by the Issuer in connection with any further issue of notes that are to be consolidated and form a single series with the Notes and (ii) any asset or property (which may, for the avoidance of doubt, include the benefit of contractual rights) into which any of the Collateral is converted or exchanged, or for which the Collateral is substituted, or that is issued to the Issuer (or any relevant person holding such Collateral for or on behalf of the Issuer) by virtue of its holding thereof.

“Collateral Call” means notice is given by the Collateral Obligor that the Collateral is called for redemption or repayment in whole in accordance with the provisions of Collateral Condition 6(c) (*Redemption for Tax Reasons*), Collateral Condition 6(d) (*Redemption for Other Reasons*), or Collateral Condition 6(e) (*Redemption at the Option of the Relevant Issuer*).

“Collateral Call Redemption Amount” has the meaning given to it in Condition 8(b) (*Redemption Following a Collateral Call*).

“Collateral Call Redemption Date” has the meaning given to it in Condition 8(b) (*Redemption Following a Collateral Call*).

“Collateral Conditions” means, with respect to any Collateral, the terms and conditions of such Collateral as amended from time to time. The Collateral Conditions for the Original Collateral as at the Collateral Issue Date are as set out in the Collateral Documentation that is appended to this Series Prospectus.

“Collateral Documentation” means the Base Prospectus dated 27 May 2015 (the **“Original Collateral Prospectus”**) (as supplemented by the Supplements dated 27 November 2015, 4 December 2015, 15 February 2016 and 15 March 2016), together with the pricing supplement dated 20 May 2016, in respect of the Original Collateral.

“Collateral Event” means if at any time before the Collateral Maturity Date any Collateral becomes repayable for any reason other than a Collateral Call, including (without limitation) in accordance with the provisions of Collateral Condition 9(b) (*Events of Default – Subordinated Notes*).

“Collateral Final Redemption Amount” means any amounts payable upon final redemption of the Original Collateral (but excluding any amount included in any Collateral Interest Amount) once the Original Collateral have become redeemable in accordance with the provisions of Collateral Condition 6(a) (*Redemption and Purchase – At Maturity*).

“Collateral Interest Amount” means any interest amount receivable by, or on behalf of, the Issuer in respect of the Collateral in accordance with the Collateral Conditions, including but not limited to any interest amounts so receivable under Collateral Condition 4(a) (*Interest on Fixed Rate Notes*) and Collateral Condition 4(b) (*Interest on Floating Rate Notes*). For the avoidance of doubt, (i) interest deferred pursuant to Collateral Condition 4(d)(i) (*Optional deferral of interest*) or Collateral Condition 4(d)(ii) (*Solvency Deferral of Interest*) shall not constitute a Collateral Interest Amount until the scheduled day of payment following such deferral; and (ii) any Arrears of Interest (as defined in Collateral Condition 4(d)(iii) (*Arrears of Interest*)) in respect of the Collateral shall constitute a Collateral Interest Amount.

“Collateral Interest Payment Date” means any date on which a Collateral Interest Amount is received by, or on behalf of, the Issuer pursuant to the Collateral Conditions. For the avoidance of doubt, if interest is payable by the Collateral Issuer on any day under the Collateral Conditions but such interest is not received (whether because such interest is deferred pursuant to Collateral Condition 4(d)(i) (*Optional deferral of interest*), Collateral Condition 4(d)(ii) (*Solvency Deferral of Interest*), or otherwise) by, or on behalf of, the Issuer, such day shall not constitute a Collateral Interest Payment Date.

“Collateral Issue Date” means, with respect to any Collateral, the date which is specified as “Issue Date” in the terms (including the pricing supplement) for such Collateral.

“Collateral Maturity Date” means:

- (i) if, on or prior to the Collateral Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Collateral Scheduled Maturity Date; or

- (ii) if, on or prior to the Collateral Scheduled Maturity Date, (A) a Solvency Event (as defined in the Collateral Conditions) has occurred and is continuing on the Collateral Scheduled Maturity Date or would occur as a result of the relevant redemption; and (B) FINMA has not exceptionally waived the suspension of redemption of the Original Collateral and the Original Collateral is not exchanged for or converted into capital of at least the same quality or as otherwise permitted under the then Applicable Regulations (as defined in the Collateral Conditions), the later of either (x) the date on which such exceptional waiver is obtained or the date on which no Solvency Event is continuing (including following the relevant redemption) and (y) the giving of notice to, among others, the holder of the Original Collateral (in accordance with the terms of the Original Collateral).

“Collateral Obligor” means Zurich Insurance Company Ltd, or any successor thereof that has an obligation or duty to the Issuer (or any relevant person holding such Original Collateral for or on behalf of the Issuer) in respect of the Original Collateral in its capacity as issuer pursuant to the terms of such Original Collateral.

“Collateral Obligor Exchange Offer” has the meaning given to it in Condition 8(g) (*Purchases*).

“Collateral Obligor Tender Offer” has the meaning given to it in Condition 8(g) (*Purchases*).

“Collateral Rate of Interest” means:

- (i) in respect of the Initial Interest Period, a fixed rate of 3.500 per cent. per annum being equivalent to the rate of interest as set out under Collateral Condition 4(a) (*Interest on Fixed Rate Notes*); and
- (ii) thereafter, a floating rate of interest equal to the floating rate of interest determined pursuant to Collateral Condition 4(b) (*Interest on Floating Rate Notes*) and notified to the Issuer in accordance with Collateral Condition 4(b) (*Interest on Floating Rate Notes*).

“Collateral Redemption Amount” means any amount payable upon redemption or repayment of the Collateral (but excluding any amount included in any Collateral Interest Amount) once the Collateral has become redeemable or repayable in accordance with the provisions of Collateral Condition 6(c) (*Redemption for Tax Reasons*), Collateral Condition 6(d) (*Redemption for Other Reasons*) or Collateral Condition 6(e) (*Redemption at the Option of the Relevant Issuer*).

“Collateral Scheduled Maturity Date” means the Collateral Interest Payment Date falling in October 2046.

“Collateral Tax Event” has the meaning given to it in Condition 8(d)(i) (*Redemption for Taxation Reasons*).

“Conditions” means, in respect of the Notes, these terms and conditions. References to a particularly numbered Condition shall be construed as a reference to the Condition so numbered in these terms and conditions.

These Conditions shall be as defined above but as completed, amended, supplemented and/or varied by the terms of the Global Note.

“Coupons” has the meaning given to it in the recitals to these Conditions.

“Credit Derivatives Determinations Committee” has the meaning given to it in the ISDA Credit Derivatives Definitions.

“Custodian” has the meaning given to it in the recitals to these Conditions.

“Default Interest” has the meaning given to it in Condition 7(b) (*Accrual of Interest*).

“Disposal Agent” has the meaning given to it in the recitals to these Conditions.

“Disposal Agent Bankruptcy Event” means (i) the Disposal Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors’ rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (G) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (H) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i)(A) to (G) and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Disposal Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

“Disposal Agent Fees” has the meaning given to it in Condition 13(d) (*Costs and Expenses*).

“Early Redemption Amount” means, in respect of each Note outstanding on the relevant Early Redemption Date, an amount in EUR equal to such Note’s *pro rata* share of the Available Proceeds after all amounts ranking in priority to amounts due to the Noteholders under Condition 16 (*Application of Available Proceeds or Managers’ Available Proceeds*) have been satisfied in full.

“Early Redemption Commencement Date” has the meaning given to it in Condition 8 (*Redemption and Purchase*).

“Early Redemption Date” means the thirty-fifth Reference Business Day following the relevant Early Redemption Commencement Date.

“Early Redemption Notice” means an irrevocable notice from the Issuer to Noteholders in accordance with Condition 23 (*Notices*) (or, in the case of Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), from the Trustee to the Issuer) that specifies that the Notes are to be redeemed pursuant to one of Conditions 8(c) (*Redemption Following a Collateral Event*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*). An Early Redemption Notice given pursuant to Condition 8 (*Redemption and Purchase*) must contain a description in reasonable detail of the facts relevant to the determination that the Notes are to be redeemed and, in the case of an Early Redemption Notice given by the Issuer, must specify the anticipated Early Redemption Date and which of Conditions 8(c) (*Redemption Following a*

Collateral Event) to 8(f) (*Redemption Following the Occurrence of an Event of Default*), as the case may be, are applicable. A copy of any Early Redemption Notice shall also be sent by the Issuer, or the Trustee, as the case may be, to all Transaction Parties, save that any failure to deliver a copy shall not invalidate the relevant Early Redemption Notice.

“Early Valuation Date” means the fifth Reference Business Day prior to the Early Redemption Date.

“Electronic Consent” has the meaning given to it in Condition 20(a) (*Meetings of Noteholders*).

“Enforcement Agent” has the meaning given to it in the recitals to these Conditions.

“Enforcement Agent Bankruptcy Event” means (i) the Enforcement Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors’ rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (G) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (H) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i)(A) to (G) and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Enforcement Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

“Enforcement Event” means the occurrence of any of the events specified in Condition 14(c) (*Enforcement of Security*).

“Enforcement Notice” has the meaning given to it in Condition 14(b) (*Enforcement Notice*).

“Equivalent Obligations” means any Obligations that are issued in fungible form and that share common terms and conditions.

“Event of Default” has the meaning given to it in Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*).

“FATCA” means (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of

any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “**IGA**”); or (vii) any law implementing an IGA.

“**FATCA Test Date**” has the meaning given to it in Condition 8(d) (*Redemption for Taxation Reasons*).

“**FATCA Withholding Tax**” means any withholding or deduction imposed on any payments in respect of the Notes pursuant to FATCA.

“**Final Redemption Amount**” means in respect of each Note, an amount in EUR equal to such Note’s *pro rata* share of the Collateral Final Redemption Amount actually received by or on behalf of the Issuer on the Collateral Maturity Date.

“**FINMA**” means the Swiss Financial Market Supervisory Authority or any successor authority.

An “**Illegality Event**” shall occur if, due to the adoption of, or any change in, any applicable law after the Issue Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for the Issuer (i) to perform any absolute or contingent obligation to make a payment or delivery in respect of the Notes or any agreement entered into in connection with the Notes, (ii) to hold any Collateral or to receive a payment or delivery in respect of any Collateral or (iii) to comply with any other material provision of any agreement entered into in connection with the Notes.

“**Initial Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the Interest Reset Date.

“**interest**”, in the context of amounts payable in respect of the Notes, shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 7 (*Interest*).

“**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 a Note and an Interest Payment Date, such Note’s *pro rata* share of an amount equal to any Collateral Interest Amount actually received by, or on behalf of, the Issuer corresponding to the relevant Interest Accrual Period relating to such Interest Payment Date as determined by the Calculation Agent.

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

“**Interest Payment Date**” means the Business Day immediately following a Collateral Interest Payment Date.

“**Interest Period Date**” means:

- (i) in respect of the Initial Interest Period, 1 October in each year from, and including, 1 October 2016 to, and including, 1 October 2026, which for the avoidance of doubt shall not be subject to any adjustment in accordance with the Modified Following Business Day Convention; and
- (ii) following 1 October 2026, 1 January, 1 April, 1 July and 1 October in each year from, and including, 1 January 2027, subject to adjustment in accordance with the Modified Following Business Day Convention.

“**Interest Reset Date**” means the Collateral Interest Payment Date falling on or around 1 October 2026.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"ISDA Credit Derivatives Definitions" means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

"Issue Date" has the meaning given to it in Condition 1(b) (*Interpretation*).

"Issue Deed" means the issue deed entered into by the Transaction Parties and such other parties specified therein in relation to the Notes which, to the extent agreed amongst the parties thereto, amends the Principal Trust Deed and the Agency Agreement in respect of the Notes (but provided that where one or more further Tranches of Notes are issued in accordance with Condition 22 (*Further Issues*) so as to be consolidated and form a single series with the Notes, and where the context so requires, references to the Issue Deed shall be deemed to include the Issue Deed entered into in respect of such further Tranche or Tranches).

"Issuer" means Demeter Investments B.V..

"Issuer Application Date" means each date on which the Issuer determines to apply the Available Proceeds in accordance with these Conditions.

"Issuer Exchange Offer" has the meaning given to it in Condition 8(g) (*Purchases*).

"Issuer Tender Offer" has the meaning given to it in Condition 8(g) (*Purchases*).

"Issuing and Paying Agent" has the meaning given to it in the recitals to these Conditions.

"Liquidation" means, in respect of any Collateral, the realisation of such Collateral for cash proceeds whether by way of sale, early redemption, early repayment or agreed termination or by such other means as the Disposal Agent determines appropriate, or, in the case of a Bankruptcy Event affecting the Issuer, realisation by such means as determined by any competent bankruptcy officer and **"Liquidate"**, **"Liquidated"** and **"Liquidating"** shall be construed accordingly.

"Liquidation Commencement Date" means the day on which the Disposal Agent receives a Liquidation Commencement Notice.

"Liquidation Commencement Notice" means a notice from the Issuer in writing to the Disposal Agent, the Custodian and the Trustee of the occurrence of a Liquidation Event.

"Liquidation Event" means the occurrence of an Early Redemption Commencement Date as a result of any of the following:

- (i) a Tax Event where no substitution or change in residence for taxation purposes is effected pursuant to Condition 8(d) (*Redemption for Taxation Reasons*) and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in residence for taxation purposes pursuant to Condition 8(d)(i)(A); or
- (ii) an Illegality Event where no substitution or change in legal characteristics is effected pursuant to Condition 8(e) (*Redemption following an Illegality Event*) and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in legal characteristics pursuant to Condition 8(e)(i)(A).

"Liquidation Expenses" has the meaning given to it in Condition 13(d) (*Costs and Expenses*).

“Manager” means each of Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and Lloyds Bank plc.

“Managers’ Available Proceeds” means all monies received by the Managers’ Trustee (or any receiver appointed by it) in connection with the realisation or enforcement of the Managers’ Security.

“Manager’s Claim” has the meaning given to it in Condition 5(b) (*Managers’ Security*).

“Managers’ Secured Parties” means the Managers, the Managers’ Trustee and the Enforcement Agent (to the extent that it has taken any action in connection with the Managers’ Security).

“Managers’ Secured Property” means the assets and contractual rights in respect of the agreements comprising the property over which the Managers’ Security are secured pursuant to the Trust Deed, as described in Condition 5(b) (*Managers’ Security*).

“Managers’ Security” means the security constituted by the Trust Deed in respect of the Notes as described in sub-paragraphs (i), (ii) and (iii) of Condition 5(b) (*Managers’ Security*).

“Managers’ Security Obligations” means any obligation of the Issuer to make payment to a Manager in respect of a Manager’s Claim under the Syndication Agreement or to the Managers’ Trustee or the Enforcement Agent pursuant to Condition 16(c) (*Application of Managers’ Available Proceeds of Enforcement of Managers’ Security*).

“Managers’ Trustee” means BNP Paribas Trust Corporation UK Limited as trustee in respect of the Managers’ Security.

“Managers’ Trustee Application Date” means each date on which the Managers’ Trustee determines to apply the Managers’ Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

“Maturity Date” means the second Business Day immediately following the Collateral Maturity Date.

“Modified Following Business Day Convention” has the meaning given to it in Condition 9(d) (*Business Day Convention*).

“Mortgaged Property” means:

- (i) the Collateral and all property, assets and sums derived therefrom;
- (ii) all cash (if any) held by the Issuer in respect of the Notes;
- (iii) the rights and interest of the Issuer under the Purchase Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Purchase Agreement, but only to the extent such rights, title and interests relate to the Issuer’s right to acquire the Original Collateral;
- (iv) the rights, title and interest of the Issuer under the Agency Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Agency Agreement; and
- (v) the rights, title and interest of the Issuer in any other assets, property, income, rights and/or agreements of the Issuer (other than the Issuer’s share capital) from time to time charged or assigned or otherwise made subject to the Security created by the Issuer in favour of the Trustee pursuant to the Trust Deed, as the case may be,

in each case securing the Secured Payment Obligations and includes, where the context permits, any part of that Mortgaged Property.

“Note Tax Event” has the meaning given to it in Condition 8(d)(i) (*Redemption for Taxation Reasons*).

“Noteholder” means the bearer of any Note and **“holder”** (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon save that for so long as such Notes or any part thereof are represented by a Global Note held by or on behalf of one or more clearing systems, each person (other than one clearing system to the extent that it appears on the books of another clearing system) who is for the time being shown in the records of the relevant clearing system as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the relevant clearing system as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error), shall be treated by the Issuer, the Trustee and each Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the right to payment on such nominal amount or interest (if any) of such Notes, the right to which shall be vested, as against the Issuer, the Trustee and any Agent, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the provisions of the Trust Deed and the expressions “holder” and “holder of Notes” and related expressions shall (where appropriate) be construed accordingly.

“Notes” means the EUR 750,000,000 Fixed to Floating Rate Notes due 2046 of the Issuer issued in accordance with these Conditions.

“Obligation” means any obligation of the Issuer for the payment or repayment of borrowed money, which shall include, without limitation, any Note and any other obligation that is in the form of, or represented by, a bond, note, certificated debt security or other debt security and any obligation that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement.

“Original Programme Deed” means an agreement entered into by the Issuer and other parties the execution of which originally created the Principal Trust Deed, the Agency Agreement and certain other documentation in respect of the Programme.

“Paying Agents” has the meaning given to it in the recitals to these Conditions.

“Pledged Accounts” means the two cash accounts having the following account details:

- (i) Bank Name: BNP Paribas Securities Services, Paris (PARBFRPP)
Account Name: BNP Paribas Securities Services Luxembourg (PARBLULL)
Account Number: FR94 4132 9000 0100 0004 7475 N27
For further credit to DEMETER COMPARTMENT 1 - account number LU 66 3280 3655 48P0 3978
- (ii) Bank Name: BNP Paribas Securities Services, Paris (PARBFRPP)
Account Name: BNP Paribas Securities Services, Luxembourg branch (PARBLULL)
Account Number: FR94 4132 9000 0100 0004 7475 N27
For further credit to DEMETER COMPARTMENT 1 COLLATERAL - account number LU 32 3280 3655 48P0 4978

and any future cash account, in each case, opened by the Custodian for the Issuer in respect of the Series.

“principal” shall be deemed to include any premium payable in respect of the Notes, the Final Redemption Amount, any Early Redemption Amount and all other amounts in the nature of principal payable pursuant to Condition 8 (*Redemption and Purchase*) and/or Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*).

“Principal Trust Deed” means the principal trust deed (i) originally entered into by the Issuer and others by execution of the Original Programme Deed and amended by the Programme Deed and (ii) entered into for this Series by the Managers’ Trustee and the Enforcement Agent by execution of the Issue Deed.

“Proceedings” has the meaning given to it in Condition 26(b) (*Jurisdiction*).

“Programme” means a programme for the issuance of secured notes, which programme was established by the Issuer by execution of the Original Programme Deed.

“Programme Date” means, in respect of the Issuer and considered as at the Issue Date, the date on which the Issuer and the other parties thereto most recently entered into a Programme Deed to update the Programme.

“Prospectus Directive” means Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU.

“Programme Deed” means an agreement entered into by the Issuer and other parties on the Programme Date and the execution of which amended and restated the Principal Trust Deed, the Agency Agreement and certain other documentation in respect of the Programme.

“Purchase Agreement” has the meaning given to it in the recitals to these Conditions.

“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).

“Quotation” has the meaning given to it in Condition 13(b)(ii)(B) (*Liquidation Process*).

“Reference Business Day” means a TARGET Settlement Day.

“Relevant Date” means, in respect of any Note or Coupon, 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 seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

“Relevant Noteholder Proportion” means the Noteholders in respect of which a meeting is convened or in respect of which an Extraordinary Resolution is proposed to be passed by way of Written Resolution or Electronic Consent.

“Required Ratings” has the meaning given to it in Condition 11(d) (*Replacement of Custodian and/or Issuing and Paying Agent upon a Ratings Downgrade*).

“Residual Amount” means, with respect to an application of Available Proceeds or Managers’ Available Proceeds, as applicable, all remaining proceeds (if any) after the application of the Available Proceeds or Managers’ Available Proceeds, as applicable, to satisfy the payments set out in Condition 16(a)(i) to (vi) (*Application of Available Proceeds of Liquidation*), in Condition 16(b)(i) to (vi) (*Application of Available Proceeds of Enforcement of Security*) or in Condition 16(c)(i) to (iv) (*Application of Managers’ Available Proceeds of Enforcement of Managers’ Security*), as applicable.

“Resolved” has the meaning given to it in the ISDA Credit Derivatives Definitions.

“Sanctions” means any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, any other agency of the US Government, the United Nations, the European Union or Her Majesty’s Treasury.

“Secured Creditor” means each person that is entitled to the benefit of Secured Payment Obligations.

“Secured Payment Obligations” means the payment obligations of the Issuer under the Trust Deed and each Note and Coupon, together with any obligation of the Issuer to make payment to the Disposal Agent or any other Agent pursuant to Condition 16(a) (*Application of Available Proceeds of Liquidation*) or Condition 16(b) (*Application of Available Proceeds of Enforcement of Security*), as the case may be.

“Security” means the security constituted by the Trust Deed in respect of the Notes described in Condition 5(a) (*Security*).

“Specified Currency” means EUR, being the currency in which the Notes are denominated.

“Specified Denomination” has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

“Specified Office” means, in relation to an Agent, the office identified with its name in these Conditions or any other office approved by the Trustee and notified to the Noteholders in accordance with the Principal Trust Deed.

“Standard & Poor’s” means Standard & Poor’s Credit Market Services Europe Limited, established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies.

“Syndication Agreement” has the meaning given to it in the recitals to these Conditions.

“Talons” has the meaning given to it in the recitals to these Conditions.

“Target Liquidation Period” has the meaning given to it in Condition 13(b)(ii)(A) (*Liquidation Process*).

“TARGET Settlement Day” means any day on which the TARGET System is open.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto.

“Tax Event” means a Note Tax Event and/or a Collateral Tax Event.

“Transaction Document” means, in respect of the Notes, each of the Trust Deed, the Issue Deed, the Agency Agreement, the Programme Deed, the Syndication Agreement and the Purchase Agreement.

“Transaction Party” means each party to a Transaction Document (excluding the Programme Deed) other than the Issuer, and any other person specified as a Transaction Party in the Issue Deed.

“Trust Deed” means the Principal Trust Deed together with the provisions of the Issue Deed which are expressed therein as forming part of the Trust Deed.

“Trustee” means BNP Paribas Trust Corporation UK Limited as initial trustee, but which definition shall include all persons for the time being acting as the trustee or trustees under the Trust Deed.

“Trustee Application Date” means each date on which the Trustee determines to apply the Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

“**Written Resolution**” has the meaning given to it in Condition 20(a) (*Meetings of Noteholders*).

(b) Interpretation

With respect to the Notes, references to the Principal Trust Deed and the Agency Agreement, as the case may be, are to those documents as amended or supplemented from time to time (whether by way of any supplements to, or amendment and restatements of, the Original Programme Deed, as the case may be, or otherwise) in relation to the Programme as they stand as of 24 May 2016 (the “**Issue Date**” with respect to the Notes) (including any amendments or supplements made with respect only to the Notes in the Issue Deed) and thereafter, together with references to the Syndication Agreement and the Purchase Agreement, are to those documents as they may then be subsequently amended, supplemented or replaced in respect of the Notes as permitted by these Conditions and the Trust Deed with respect to the Notes. Notwithstanding the foregoing, where one or more further Tranches of Notes are issued in accordance with Condition 22 (*Further Issues*) so as to be consolidated and form a single series with the Notes, the reference to Issue Date in this paragraph and in the rest of the Conditions shall be to the Issue Date of the first Tranche of Notes.

2 Form, Specified Denomination and Title

The Notes issued pursuant to these Conditions constitute a series (“**Series**”) issued pursuant to the Programme.

The Notes are issued in bearer form (“**Bearer Notes**”) and have a specified denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof (the “**Specified Denomination**”).

The Notes are serially numbered and are issued with Coupons and a Talon.

Title to the Notes, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss, and no person shall be liable for so treating the holder.

3 No Exchange of Notes and Transfers of Notes

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. The Notes are Bearer Notes and may not be exchanged for registered Notes.

4 Constitution, Status and the Collateral

(a) Constitution and Status of Notes

The Notes are constituted and secured by the Trust Deed. The Notes are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 5 (*Security*) and recourse in respect of which is limited in the manner described in Conditions 16 (*Application of Available Proceeds or Managers’ Available Proceeds*), 17 (*Enforcement of Rights or Security*) and 18(a) (*General Limited Recourse*).

(b) Original Collateral

In connection with the issue of the Notes, and pursuant to the Purchase Agreement, the Issuer will acquire rights, title and/or interest in and to the Original Collateral. Security will be granted by the Issuer over the Original Collateral in the manner set out in Condition 5 (*Security*). The Original

Collateral will be held by or on behalf of the Issuer subject to the provisions of Collateral Condition 10(j) (*Restrictions on Transfer of Certain Notes*) and Collateral Condition 10(k) (*Grants of Security*).

5 Security

(a) Security

The Secured Payment Obligations are secured in favour of the Trustee for the benefit of itself and the other Secured Creditors, pursuant to the Trust Deed, by:

- (i) a first fixed charge over the Collateral and all property, assets and sums derived therefrom (from time to time);
- (ii) an assignment by way of security of all the Issuer's rights, title and interest attaching or relating to the Collateral and all property, sums or assets 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 of the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Collateral;
- (iv) a first fixed charge over all proceeds of, income from, and sums arising from enforcement of any claim under the Purchase Agreement, but only to the extent such claim relates to the Issuer's right to acquire the Original Collateral;
- (v) an assignment by way of security of the Issuer's rights, title and interest against the Custodian, to the extent that they relate to the Collateral and/or the Notes;
- (vi) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent they relate to the Collateral and/or the Notes;
- (vii) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;
- (viii) an assignment by way of security over the Issuer's rights, title and interest under the Trust Deed, to the extent they relate 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 (vii) above;
- (ix) an assignment by way of security of the Issuer's rights, title and interest against the Disposal Agent under the terms of the Agency Agreement (or any other agreement entered into between the Issuer and the Disposal Agent) to the extent that they relate to the Collateral and/or the Notes;
- (x) a first fixed charge over all sums held or received by the Issuing and Paying Agent, the Custodian and/or the Enforcement Agent to meet payments due in respect of any Secured Payment Obligation;
- (xi) a first fixed charge over all property, sums and assets held or received by the Disposal Agent relating to the Transaction Documents and the Collateral; and
- (xii) a first ranking security interest (*gage de premier rang*) governed by Luxembourg law over the Pledged Accounts,

under the terms of the Issue Deed.

Notwithstanding the above, investors should note that where any Collateral and/or any property, sums and assets derived therefrom are held by the Custodian in book-entry form, the security interests granted in respect of the same might, as a result of such book-entry holding, take the form only of a security interest over the Issuer's rights against the Custodian in respect of such Collateral and/or property, sums and assets, as the case may be, rather than a charge over such Collateral and/or property, sums and assets derived therefrom themselves.

Certain of the assets being the subject of the Security shall be released automatically, without the need for any notice or other formalities, to the extent required for the Issuer to be able to duly make any payment or delivery in respect of the Notes and/or the other Transaction Documents which is due and payable or deliverable, or in connection with the purchase of Notes or as otherwise provided for under these Conditions or the relevant Transaction Documents.

(b) Managers' Security

Pursuant to the Trust Deed, the Managers' Security Obligations are secured in favour of the Managers' Trustee for the benefit of itself, the Managers and the Enforcement Agent by:

- (i) an assignment by way of security of the Issuer's rights, title and interest under the Purchase Agreement and all sums and assets derived therefrom, but excluding the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Collateral;
- (ii) a first fixed charge over the proceeds of, income from, and sums arising from, the enforcement of any claim under the Purchase Agreement, except for any claim in relation to the Issuer's rights, title and interest to acquire the Original Collateral; and
- (iii) an assignment by way of security of the Issuer's rights, title and interest under the Trust Deed to the extent they relate to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets referred to in paragraphs (i) and (ii) above.

The Managers' Security is granted as continuing security in respect of (i) 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, the Collateral Obligor and the Collateral Documentation prepared by the Collateral Obligor in respect of the Original Collateral and (ii) certain fees, costs, remuneration, charges, expenses and liabilities of the Managers' Trustee and the Enforcement Agent (if any) relating to their respective functions under the Trust Deed in connection with the Managers' Security.

No person other than the Managers' Secured Parties 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 Managers' Secured Party (when acting in such capacity), in respect of the Managers' Security, is subject to limited recourse provisions as described in Condition 18 (*Limited Recourse and Non-Petition*) in respect of the Managers' Secured Property, in accordance with the provisions of the Syndication Agreement and the Trust Deed in relation to the Notes, as applicable.

Neither a Manager nor the Managers' Trustee (when acting in such capacity) is permitted to take any action against the Collateral Obligor or to enforce any claim that the Issuer may have against the Collateral Obligor in respect of the Collateral or the Purchase Agreement or otherwise whether before, upon or after the Managers' Security becoming enforceable. The Managers' Secured Parties must rely on similar (but not identical) rights to those of the Noteholders, including a right

of consultation and agreement with the Issuer (or, where applicable, the Enforcement Agent acting as agent of the Issuer) in relation to any such action or 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.

For the avoidance of doubt, the assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest to acquire the Original Collateral under the Purchase Agreement, and the first fixed charge in favour of the Trustee of all proceeds from, income from, and sums arising from enforcement of any such claim under the Purchase Agreement, shall form part of the Mortgaged Property (but, in the case of the latter, only if and to the extent that such claim relates to the Issuer's right to acquire the Collateral) and not the Managers' Secured Property.

(c) Issuer's Rights as Beneficial Owner of Collateral

Prior to the Trustee effectively giving a valid Enforcement Notice to the Issuer (copied to the Custodian, the Enforcement Agent and any Disposal Agent appointed at that time), the Issuer may, with the prior written consent of the Trustee or with the sanction of an Extraordinary Resolution or, where applicable, in accordance with Condition 8(g) (*Purchases*):

- (i) take such action in relation to the Mortgaged Property as it may think expedient (including to direct the Enforcement Agent to enforce the terms of the Collateral as contemplated thereby, or its rights, title and interest under the Purchase Agreement to acquire the Collateral); and
- (ii) exercise any rights incidental to the ownership of the Mortgaged Property and, in particular (but without limitation and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any ownership interests in respect of such property.

The Issuer will not exercise any rights with respect to Mortgaged Property unless it has the consent or sanction referred to above, or is acting in accordance with Condition 8(g) (*Purchases*), and, if such consent or sanction is given, the Issuer will act only in accordance with such consent or sanction or, if it is acting in accordance with Condition 8(g) (*Purchases*), the Issuer will only act in accordance with the provisions of such Condition.

(d) Issuer's Rights as Party to the Purchase Agreement

The Issuer shall in good faith consult with the Managers to agree the manner in which the Issuer will exercise any of its rights under the Purchase Agreement (other than its rights, title and interest under the Purchase Agreement to acquire the Collateral) being the subject matter of the Managers' Security and shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) act in accordance with any such agreement.

(e) Disposal Agent's Right Following Liquidation Event

Notwithstanding the above, following the effective delivery of a valid Liquidation Commencement Notice to the Disposal Agent (copied to each of the other Transaction Parties), the Disposal Agent on behalf of the Issuer shall have the right to undertake any action as contemplated by these Conditions and the Agency Agreement as it considers appropriate, and any actions in furtherance thereof or ancillary thereto as they relate to the relevant Mortgaged Property, without requiring any sanction referred to therein. Pursuant to the terms of the Trust Deed, upon the effective delivery of a valid Liquidation Commencement Notice to the Disposal Agent the Security described in Condition 5(a) (*Security*) will automatically be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the relevant Mortgaged Property, provided that nothing in this Condition 5(e) will operate to release the

charges and other security interests over the proceeds of the Liquidation of the Mortgaged Property or over any Mortgaged Property not subject to such Liquidation.

6 Restrictions

So long as any Note remains outstanding, the Issuer shall not, without the prior consent in writing of the Trustee (provided that such consent shall not be required for the purposes of paragraph (f) in respect of any Collateral Substitution/Variation Modifications or Agent Appointment/Replacement Modifications (each defined in Condition 20) upon receipt of the relevant Issuer certificate pursuant to Condition 20(b)(ii)), but subject to the provisions of Condition 13 (*Liquidation*):

- (a) engage in any business other than the issuance or entry into of Obligations, the entry into of related agreements and transactions and the performing of acts incidental thereto or necessary in connection therewith, and provided that:
 - (i) such Obligations are secured on assets of the Issuer other than the Issuer's share capital and any assets securing any other Obligations (other than Equivalent Obligations); and
 - (ii) such Obligations and any related agreements contain provisions that limit the recourse of any holder of, or counterparty to, such Obligations and of any party to any related agreement to assets other than those to which any other Obligations (other than Equivalent Obligations) have recourse;
- (b) sell, transfer or otherwise dispose of any of the Mortgaged Property or any right or interest therein or create any mortgage, charge or other security or right of recourse in respect thereof;
- (c) cause or permit the priority of the Security created by the Trust Deed to be amended, terminated or discharged;
- (d) release any party to the Trust Deed or the Issue Deed from any existing obligations thereunder;
- (e) have any subsidiaries;
- (f) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of these Conditions, the Trust Deed, the Issue Deed or any other Transaction Document;
- (g) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person;
- (h) have any employees;
- (i) issue any shares (other than such shares as are in issue at the date hereof) or make any distribution to its shareholders (other than in relation to the shares already in issue at the date hereof);
- (j) open or have any interest in any account with a bank or financial institution unless (i) such account relates to the issuance or entry into of Obligations and such Obligations have the benefit of security over the Issuer's interest in such account or (ii) such account is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;
- (k) declare any dividends;
- (l) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);

- (m) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;
 - (n) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;
 - (o) except as required in connection with the issuance or entry into of Obligations, advance or lend any of its moneys or assets, including but not limited to the Mortgaged Property, to any other entity or person; or
 - (p) approve, sanction or propose any amendment to its constitutional documents,
- except as provided for or contemplated in these Conditions or any Transaction Document.

7 Interest

(a) Interest on the Notes

Each Note bears interest on its outstanding nominal amount at the relevant Collateral Rate of Interest in respect of the relevant Interest Accrual Period from (and including) the Interest Commencement Date to (but excluding) the Collateral Maturity Date.

Interest shall be payable on the Notes in arrear on each Interest Payment Date in respect of the relevant Interest Accrual Period. Subject to Condition 9 (*Calculations, Rounding and Business Day Convention*), for each Interest Payment Date on which a Note is outstanding, the relevant Interest Amount shall be due and payable in respect of the relevant Note on such Interest Payment Date.

(b) Accrual of Interest

Interest shall cease to accrue on each Note from the end of the day preceding the date on which the final Interest Accrual Period is stated to end save that if, upon due presentation, payment of the full amount of principal and/or interest due on such due date for redemption is improperly withheld or refused, interest shall continue to accrue daily on the unpaid amount of principal and/or interest (after as well as before judgment) from and including the due date for redemption to but excluding the day preceding the day of the actual redemption of the Original Collateral at the most recently prevailing Collateral Rate of Interest. Such interest (the “**Default Interest**”) shall be compounded daily with respect to the overdue sum at the above rate.

8 Redemption and Purchase

(a) Final Redemption

Provided that no Collateral Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of the Notes, each Note shall become due and payable on the Maturity Date at its Final Redemption Amount.

(b) Redemption Following a Collateral Call

- (i) Provided that no Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of a Note (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), if a Collateral Call occurs with respect to the Collateral (the date on which the Issuer receives notice of such Collateral Call pursuant to Collateral Condition 6(c) (*Redemption for Tax Reasons*),

Collateral Condition 6(d) (*Redemption for Other Reasons*) or Collateral Condition 6(e) (*Redemption at the Option of the Relevant Issuer*) being the “**Collateral Call Notification Date**”), then:

- (A) as soon as reasonably practicable, and in any event within the period of five Reference Business Days commencing on (and including) the Collateral Call Notification Date, the Issuer (or the Issuing and Paying Agent on its behalf, having been instructed by the Issuer to do so and having been supplied by the Issuer or the Calculation Agent with the relevant notice addressed to the Noteholders) will give a notice to the Noteholders (copied to the Issuing and Paying Agent and the Trustee, as applicable) of the occurrence of the Collateral Call, including a description in reasonable detail of the facts relevant to such event; and
 - (B) each Note shall become due and payable at an amount (the “**Collateral Call Redemption Amount**”) equal to such Note’s *pro rata* share of the related Collateral Redemption Amount on the second Reference Business Day immediately following the later of (I) the date upon which the Collateral has become redeemable or repayable in whole following the occurrence of a Collateral Call and (II) the date on which the Issuer (or the Custodian on its behalf) has provided the Calculation Agent with all information required in respect of the Collateral Redemption Amount in order to enable the Calculation Agent to determine the related amounts payable in respect of each Note (the “**Collateral Call Redemption Date**”), irrespective of whether the relevant Collateral Call is continuing.
- (ii) Notwithstanding any provision to the contrary, if at any time following a Collateral Call Notification Date, but prior to the consequential redemption of the Notes pursuant to this Condition 8(b), a Collateral Event occurs, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Collateral Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Collateral Event*) and any notice of redemption given pursuant to this Condition 8(b) shall be deemed to be void.
 - (iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Collateral Call has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Collateral Call, the Trustee shall be entitled to rely conclusively on such notice without further investigation and shall suffer no liability where it does rely upon such notice.

(c) Redemption Following a Collateral Event

- (i) If the Calculation Agent determines that a Collateral Event has occurred with respect to the Collateral and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer (copied to the Issuing and Paying Agent and the Trustee) (the date of such determination being the “**Collateral Event Determination Date**”), then:
 - (A) as soon as reasonably practicable, and in any event within the period of five Reference Business Days commencing on (and including) the Collateral Event Determination Date, the Issuer (or the Issuing and Paying Agent on its behalf, having been instructed by the Issuer to do so and having been supplied by the Issuer or the Calculation Agent with the relevant Early Redemption Notice addressed to the

Noteholders) will give an Early Redemption Notice to the Noteholders of the determination of the Collateral Event (the date of such notice to the Noteholders being the “**Early Redemption Commencement Date**”), including a description in reasonable detail of the facts relevant to such determination, by forwarding with such Early Redemption Notice a copy of the notice delivered by the Calculation Agent with respect to the Collateral Event Determination Date or the information provided therein; and

- (B) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon), irrespective of whether the relevant Collateral Event is continuing.
- (ii) Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to any of Condition 8(b) (*Redemption Following a Collateral Call*), 8(d) (*Redemption for Taxation Reasons*) or 8(e) (*Redemption Following an Illegality Event*), (A) a Collateral Event occurs; and (B) (I) following the occurrence of a Liquidation Event, the Issuer, or the Disposal Agent on the Issuer's behalf, has not entered into any binding agreement to effect a Liquidation of any Collateral, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then, in each case, the Issuer shall give notice of an Early Redemption Date pursuant to this Condition 8(c), the Notes shall be redeemed pursuant to the provisions of this Condition 8(c) and any notice of redemption given pursuant to Condition 8(b) (*Redemption Following a Collateral Call*), Condition 8(d) (*Redemption for Taxation Reasons*) or Condition 8(e) (*Redemption Following an Illegality Event*) shall be deemed to be void.
- (iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Collateral Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer or the Calculation Agent effectively gives a notice to the Trustee of the occurrence of a Collateral Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation and shall suffer no liability where it does rely upon such notice.

(d) Redemption for Taxation Reasons

- (i) Subject to Condition 8(d)(ii) and provided that no Collateral Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Tax Event (or, in any case, within two Reference Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange, in accordance with the Trust Deed, the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) as the principal obligor or to change (to the satisfaction of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee, and:

- (A) if it is unable to arrange such substitution or change in residence subsequent to taking reasonable measures to do so before the next payment is due in respect of the Notes, then:
- (I) the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer (or by two directors if the Issuer has more than one director) stating that the obligations referred to in the definition of “Note Tax Event” and/or “Collateral Tax Event” (as applicable) below cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall accept and rely on such certificate as sufficient evidence that the Issuer has taken such reasonable measures, without further enquiry and without incurring any liability to any person for so doing, and such certificate shall (but without prejudice to the right of the Noteholders set out in Condition 8(d)(i)(B) below) be conclusive and binding on the Noteholders;
 - (II) the Issuer shall give an Early Redemption Notice to the Noteholders. The date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**” for the purposes of this subparagraph; and
 - (III) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon); or
- (B) if it is unable to arrange such substitution or change in residence and it fails, in the determination of the Noteholders (acting by Extraordinary Resolution), to take reasonable measures to do so before the next payment is due in respect of the Notes, then:
- (I) acting on the instruction of an Extraordinary Resolution, the Trustee shall give notice to the Issuer and the Noteholders of such determination and instruction (the date such notice is deemed to have been given being the “**Early Redemption Commencement Date**” for the purposes of this subparagraph);
 - (II) the Security will become enforceable in accordance with Condition 14 (*Enforcement of Security*) and the Trustee may, or if directed by an Extraordinary Resolution shall, so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject, in each case, to it being secured and/or indemnified and/or prefunded to its satisfaction) and in accordance with Condition 14 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution; and
 - (III) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon).

A “**Note Tax Event**” will occur if:

- (I) either the Issuer or the Calculation Agent determines that on the due date for any payment in respect of the Notes or Coupons, the Issuer will be required by any applicable law to withhold, deduct or account for an amount for any present or future taxes, duties or charges of whatsoever nature other than a FATCA Withholding Tax

or would suffer the same in respect of its income so that it would be unable to make in full the payment in respect of the Notes in respect of such due date; or

- (II) on the due date for any payment in respect of the Notes, such a withholding, deduction or account is actually made in respect of any payment in respect of the Notes or Coupons,

other than where such event constitutes a Collateral Tax Event.

A “**Collateral Tax Event**” will occur if the Issuer, in its or the Calculation Agent’s determination:

- (I) is or will be unable to receive any payment due in respect of any Collateral in full on the due date therefor without a deduction for or on account of any withholding tax, back-up withholding or other tax, duties or charges of whatsoever nature imposed by any authority of any jurisdiction;
- (II) is or will be required to pay any tax, duty or charge of whatsoever nature imposed by any authority of any jurisdiction in respect of any payment received in respect of any Collateral; and/or
- (III) is or will be required to comply with any tax reporting requirement (other than in respect of FATCA) of any authority of the Netherlands or Switzerland in respect of any payment received in respect of any Collateral,

provided that the Issuer, using reasonable efforts prior to the due date for the relevant payment, is (or would be) unable to avoid such deduction(s) and/or payment(s) and/or comply with such reporting requirements described in sub-paragraphs (I) to (III) of this definition by filing a valid declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it or otherwise to comply with such reporting requirements. If the action that the Issuer would be required to undertake so as to avoid any such deduction(s), payment(s) and/or comply with such reporting requirements would involve any material expense or is, in the sole opinion of the Issuer (acting in good faith), unduly onerous the Issuer shall not be required to take any such action. Without prejudice to the generality of the foregoing, a withholding imposed on payments in respect of any Collateral as a result of FATCA shall constitute a Collateral Tax Event. For the purposes of this definition, if on the date falling 60 days prior to the earliest date on which FATCA Withholding Tax could apply to payments under, or in respect of sales proceeds of, the relevant Collateral (such 60th day prior being the “**FATCA Test Date**”), the Issuer is a “nonparticipating foreign financial institution” (as such term is used under section 1471 of the U.S. Internal Revenue Code or in any regulations or guidance thereunder), the Issuer will be deemed on the FATCA Test Date to be unable to receive a payment due in respect of such Collateral in full on the due date therefor without deduction for or on account of any withholding tax and, therefore, a Collateral Tax Event will have occurred on the FATCA Test Date.

- (ii) Notwithstanding the foregoing, if the requirement to withhold, deduct or account for any present or future taxes, duties or charges of whatsoever nature referred to in paragraph (i) above arises solely as a result of:
 - (A) any Noteholder’s or Couponholder’s connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Note or receiving or being entitled to any payment in respect thereof; or

- (B) a withholding or deduction imposed on a payment by or on behalf of the Issuer to an individual required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC of 3rd June 2003, including, but not limited to, the agreement between the European Union and Switzerland of 26th October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or
- (C) any taxes required to be withheld or deducted from a payment pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014 (*Zahlstellensteuer*) or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent based system pursuant to which a person in Switzerland other than the Issuer is required to withhold tax on any interest payments; or
- (D) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes levied by Swiss paying agents (being any agents receiving payments) in respect of persons resident in the other country on income of such person on any Note or Coupon booked or deposited with a Swiss paying agent (*internationale Quellensteuer*) and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements,

then, to the extent possible, the Issuer shall deduct such taxes, duties or charges, as applicable, from the amount(s) payable to such Noteholder or Couponholder and provided that payments to other Noteholders or Couponholders would not be impaired, the Issuer shall not give an Early Redemption Notice pursuant to Condition 8(d)(i) (*Redemption for Taxation Reasons*). Any such deduction shall not constitute an Event of Default under Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), a Liquidation Event under Condition 13 (*Liquidation*) or an Enforcement Event under Condition 14 (*Enforcement of Security*).

- (iii) In respect of this Condition 8(d), if a tax deduction or withholding (collectively, a “**Collateral Tax Deduction**”) is required by law to be made by the Collateral Obligor in respect of any payment of principal or interest in respect of the Collateral for any taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of Switzerland, such Collateral Tax Deduction shall not constitute a Collateral Tax Event if there is an actual payment by the Collateral Obligor of a corresponding payment of additional amounts pursuant to Collateral Condition 7(c) (*Taxation – Notes issued by ZIC*).
- (iv) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Notice having been given under, but prior to the consequential redemption of the Notes pursuant to, this Condition 8(d), (A) a Collateral Event occurs; and (B) (I) the Issuer, or the Disposal Agent on the Issuer’s behalf, has not entered into any binding agreement to effect a Liquidation of any Collateral, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Collateral Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Collateral Event*) and any notice of redemption given pursuant to this Condition 8(d) shall be deemed to be void.

- (v) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Tax Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Tax Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation and shall suffer no liability where it does rely upon such notice.

(e) Redemption Following an Illegality Event

- (i) Provided that no Collateral Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of an Illegality Event (or, in any case, within two Reference Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange, in accordance with the Trust Deed, the substitution of a company, being a company whose legal characteristics are such that if it were to perform the obligations of the Issuer, no Illegality Event would arise, that is approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) as the principal obligor or to change (subject to the prior written consent of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) its legal characteristics such that no Illegality Event arises in respect of it, and:
 - (A) if it is unable to arrange such substitution or change in legal characteristics subsequent to taking reasonable measures to do so before the next payment is due in respect of the Notes, then:
 - (I) the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer (or by two directors if the Issuer has more than one director) stating that the Illegality Event cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall accept and rely on such certificate as sufficient evidence that the Issuer has taken such reasonable measures, without further enquiry and without incurring any liability to any person for so doing, and such certificate shall (but without prejudice to the right of Noteholders set out in Condition 8(e)(i)(B) below) be conclusive and binding on the Noteholders;
 - (II) the Issuer shall give an Early Redemption Notice to the Noteholders. The date on which such Early Redemption Notice is given shall be an "**Early Redemption Commencement Date**" for the purposes of this subparagraph; and
 - (III) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon); or
 - (B) if it is unable to arrange such substitution or change in legal characteristics and it fails, in the determination of the Noteholders (acting by an Extraordinary Resolution),

to take reasonable measures to do so before the next payment date is due in respect of the Notes, then:

- (I) acting on the instruction of an Extraordinary Resolution, the Trustee shall give notice to the Issuer and the Noteholders of such determination and instruction (the date such notice is deemed to have been given being the “**Early Redemption Commencement Date**” for the purposes of this subparagraph);
 - (II) the Security will become enforceable in accordance with Condition 14 (*Enforcement of Security*) and the Trustee may, or if directed by an Extraordinary Resolution shall, so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject, in each case, to it being secured and/or indemnified and/or prefunded to its satisfaction) in accordance with Condition 14 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution; and
 - (III) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon).
- (ii) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Notice having been given under, but prior to the consequential redemption of the Notes pursuant to, this Condition 8(e), (A) a Collateral Event occurs; and (B) (I) the Issuer, or the Disposal Agent on the Issuer’s behalf, has not entered into any binding agreement to effect a Liquidation of any Collateral, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Collateral Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Collateral Event*) and any notice of redemption given pursuant to this Condition 8(e) shall be deemed to be void.
 - (iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Illegality Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives notice to the Trustee and/or the Calculation Agent of the occurrence of an Illegality Event, the Trustee and/or Calculation Agent, as the case may be, shall be entitled to rely on such notice without further investigation and shall suffer no liability where it does rely upon such notice.

(f) Redemption Following the Occurrence of an Event of Default

- (i) If any of the following events (each an “**Event of Default**”) occurs, provided that no Collateral Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to this or any other Condition in respect of all Notes outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Trustee at its discretion may, and if directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give an Early Redemption Notice to the Issuer that all but not some only of the Notes shall become due and payable at the

Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon) on the Early Redemption Date:

- (A) default is made for more than 14 days in the payment of any interest or any other sum in respect of any Notes other than: (I) the Final Redemption Amount or any interest that has become due and payable on the Maturity Date, (II) a Collateral Call Redemption Amount, (III) an Early Redemption Amount or (IV) where any such default occurs as a result of a Collateral Event, a Tax Event or an Illegality Event;
 - (B) the Issuer does not perform or comply with any one or more of its other obligations under any Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or
 - (C) the Issuer: (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger on terms previously approved in writing by the Trustee or sanctioned by an Extraordinary Resolution); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (3) save to the extent contemplated in the Trust Deed, makes a general assignment, arrangement, scheme or composition with or for the benefit of the Noteholders, or such a general assignment, arrangement, scheme or composition becomes effective; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition either results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed; (7) other than the Trustee (except in circumstances where the Trustee is enforcing the Security pursuant to the Trust Deed) or the Custodian, has a secured party take possession of any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7).
- (ii) For the purposes of the Conditions and the Transaction Documents, in relation to any Events of Default, the date on which the related Early Redemption Notice is deemed to be given shall be an **"Early Redemption Commencement Date"**.

- (iii) The Issuer has undertaken in the Principal Trust Deed that, within ten Business Days of the publication of the Issuer's annual financial statements in each year and within 14 days of any request from the Trustee, it will send to the Trustee a certificate signed by a Director (or by two Directors if the Issuer has more than one Director) to the effect that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date not more than five days prior to the date of the certificate, no Event of Default or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default has occurred since the certification date of the last such certificate or (if none) the date of such Principal Trust Deed or, if such an event had occurred, giving details thereof.

(g) Purchases

- (i) The Issuer may, subject to the consent of the Trustee, purchase Notes (provided that all unmatured Coupons and un-exchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer and surrendered to the Issuing and Paying Agent for cancellation. The consent of the Trustee in such circumstances shall be dependent upon the Issuer satisfying the Trustee that the Issuer has made arrangements for the realisation of no more than the equivalent proportion of the Collateral in connection with the proposed purchase of the Notes, which transactions will leave the Issuer with no assets or net liabilities in respect thereof.
- (ii) In addition:
 - (A) The Issuer may at any time make an offer to purchase the Notes for cash consideration (an "**Issuer Tender Offer**") and/or to exchange the Notes for non-cash assets (an "**Issuer Exchange Offer**") (in each case, whether by private treaty or tender offer). Any Issuer Tender Offer or Issuer Exchange Offer may only be made on a limited recourse basis and upon terms that will ensure that after any such purchase or exchange of Notes, the aggregate principal amount of Notes outstanding will be the same as the aggregate principal amount of Collateral outstanding. The Issuer shall not make an Issuer Tender Offer or an Issuer Exchange Offer (I) 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 Issuer Tender Offer or the Issuer Exchange Offer and (II) without first being satisfied (whether by it being indemnified and/or secured and/or prefunded to its satisfaction or otherwise) that its costs and expenses in connection with the same will be met.
 - (B) If at any time the Collateral Obligor makes an offer to the Issuer, or to the Custodian on behalf of the Issuer, to purchase the Collateral for cash consideration (a "**Collateral Obligor Tender Offer**") or for non-cash assets (a "**Collateral Obligor Exchange Offer**"), then the Issuer shall not accept such Collateral Obligor Tender Offer or Collateral Obligor Exchange Offer (notwithstanding anything to the contrary in Condition 20(a) (*Meetings of Noteholders*)), and the Trustee shall not be permitted to release the Security created over the Collateral pursuant to the Trust Deed, other than in accordance with paragraphs (C) and (D) below.
 - (C) Subject to the requirements of paragraph (A) above, the Issuer shall make an Issuer Tender Offer or, as the case may be, an Issuer Exchange Offer, upon the occurrence of a Collateral Obligor Tender Offer or, as the case may be, a Collateral

Obligor Exchange Offer unless in the reasonable opinion of the Issuer, the Issuer would be materially disadvantaged by the same.

- (D) For purposes of any Issuer Tender Offer or Issuer Exchange Offer, whether or not relating to any Collateral Obligor Tender Offer or Collateral Obligor Exchange Offer, the Trustee shall not release the Security created over the Collateral pursuant to the Trust Deed except that it may release the Security if a director of the Issuer (or two directors if the Issuer has more than one director) certifies to the Trustee, upon which certificate the Trustee shall be entitled to rely without liability that after such release and taking into account any purchase or exchange of Notes pursuant to any Issuer Tender Offer or Issuer Exchange Offer, the aggregate principal amount of the Collateral outstanding will be the same as the aggregate principal amount of Notes outstanding. To the extent that such Issuer Tender Offer or Issuer Exchange Offer relates to any Collateral Obligor Tender Offer or, as the case may be, Collateral Obligor Exchange Offer, following the release of such Security the Issuer shall accept (or procure the acceptance of) such Collateral Obligor Tender Offer or Collateral Obligor Exchange Offer in respect of the Security so released.
- (iii) Any purchase, Issuer Tender Offer or Issuer 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 the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange, be in accordance with all applicable rules and regulations of the Irish Stock Exchange.
- (iv) Any failure by the Issuer to make a payment or delivery due in connection with any such purchase (including under an Issuer Tender Offer or Issuer Exchange Offer) shall constitute a default in payment in respect of the Notes for the purposes of Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*).

(h) Cancellation

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to or to the order of the Issuing and Paying Agent and shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and all unexchanged Talons attached thereto or surrendered therewith). Any Notes so 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) Effect of Redemption, Purchase and Cancellation

Upon any of the Notes being redeemed or purchased and cancelled, Conditions 8(a) (*Final Redemption*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*) (inclusive) shall no longer apply to such Notes.

9 Calculations, Rounding and Business Day Convention

(a) Calculation of any Interest Amounts, Collateral Call Redemption Amounts or Early Redemption Amounts

- (i) In respect of each Interest Payment Date, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate the Interest Amount due and payable on such Interest Payment Date in respect of each Note outstanding on such Interest Payment Date.

- (ii) In respect of the Maturity Date, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate the Final Redemption Amount due and payable on such date in respect of each Note outstanding on such date.
- (iii) In respect of each date on which the following amounts become due and payable, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate any Collateral Call Redemption Amount or Early Redemption Amount.
- (iv) 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, the Final Redemption Amount, Collateral Call Redemption Amount or Early Redemption Amount or any 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 by the Issuer to provide (or procure the provision of) any such information.

(b) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate any Interest Amount, the Final Redemption Amount, Collateral Call Redemption Amount, Early Redemption Amount or any other amount, then the Trustee, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, may make such determinations and calculations in place of the Calculation Agent (or may appoint an agent on its behalf to do so). Any such determination or calculation so made by the Trustee (or its agent) shall, for the purposes of these Conditions and the Transaction Documents, be deemed to have been made by the Calculation Agent. In doing so, the Trustee (or its agent) shall apply the provisions of these Conditions and/or the relevant Transaction Document(s) with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. For the avoidance of doubt, the Trustee shall suffer no liability whatsoever for refraining to take any action under this Condition 9(b) if it has not been indemnified and/or secured and/or prefunded to its satisfaction.

(c) Rounding

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up to 0.00001) and (ii) all currency amounts that fall due and payable shall be rounded down, if necessary, to the nearest unit of such currency. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency (e.g. one cent or one pence).

(d) Business Day Convention

Where any date referred to in these Conditions that is specified to be subject to adjustment in accordance with the Modified Following Business Day Convention would otherwise fall on a day that is not a Reference Business Day, then such date shall be postponed to the next day that is a Reference 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 Reference Business Day.

10 Payments

(a) Payments of Principal and Interest

Payments of principal and interest in respect of the Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 10(c) (*Unmatured Coupons and Unexchanged Talons*)) or Coupons (in the case of interest, save as specified in Condition 10(c) (*Unmatured Coupons and Unexchanged Talons*)), as the case may be, at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a Bank nominated by such holder presenting such Note and/or Coupons, as the case may be. “**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.

(b) Payments Subject to Fiscal Laws

All payments under the Notes will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of Condition 12 (*Taxation*)). No commission or expenses shall be charged to the Noteholders or the Couponholders in respect of such payments.

(c) Unmatured Coupons and Unexchanged Talons

- (i) Upon the due date for redemption of any 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 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) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of these Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (iv) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it.
- (v) Default Interest on any Note shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it.

(d) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any 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 if

necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 19 (*Prescription*)).

(e) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this Condition 10(e), “**business day**” means (i) a Reference Business Day and (ii) 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.

(f) Suspension of Obligations Following a Sanctions Event

Notwithstanding Condition 8(e) (*Redemption Following an Illegality Event*), if the Calculation Agent determines (in its sole and absolute discretion) that on any day any Note, Noteholder, the Issuer, the Collateral, the Collateral Obligor, the Trustee, the Arranger, any Agent and/or any Manager:

- (i) has become subject to Sanctions; and
- (ii) as a result of such Sanctions, it has become unlawful for any of the above mentioned parties to perform any of their obligations under any of the Transaction Documents (a “**Sanctions Event**”),

the Calculation Agent shall give notice to the Issuer and the Transaction Parties (and the Issuer (or the Issuing and Paying Agent on its behalf, having been instructed to do so and having been supplied by the Issuer or the Calculation Agent with the relevant notice addressed to the Noteholders) shall, following receipt of such notice, to the extent permitted by law, give a notice to the Noteholders of the determination of the Sanctions Event) upon which the affected obligations, including the obligation to make any payments, shall be suspended and remain suspended until the date on which the Calculation Agent notifies the Transaction Parties that it has determined that such Sanctions Event is no longer continuing (such date, the “**Sanctions Event End Date**”).

For as long as a Sanctions Event is continuing, all amounts that would otherwise fall due shall, to the extent permitted by the relevant Sanctions, be treated in such manner as the Calculation Agent determines, acting in a commercially reasonable manner, to be appropriate in the circumstances, which may include payment into a suspense account. No interest shall accrue on any such amounts during such suspension.

On the Calculation Agent Business Day following the Sanctions Event End Date, the Calculation Agent shall determine the principal and/or interest amounts (if any) payable to the relevant Noteholders (taking into account, where relevant, the occurrence and effect of any events during the period in which the Sanctions Event was continuing) and such amounts shall be paid by the Issuer five Calculation Agent Business Days following the Sanctions Event End Date.

For the avoidance of doubt, none of the Issuer, the Trustee, the Issuing and Paying Agent, the Custodian or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Sanctions Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor or be liable for any loss occasioned by the occurrence of a Sanctions Event. If the Issuer or the Calculation Agent effectively gives notice to the Trustee of the occurrence of a Sanctions Event, the Trustee shall be entitled to rely on such notice without further investigation and shall suffer no liability where it does rely on such notice.

11 Agents

(a) Appointment of Agents

The Issuing and Paying Agent, the Custodian, the Disposal Agent, the Enforcement Agent and the Calculation Agent initially appointed by the Issuer and their respective Specified Offices are listed below:

- (i) Issuing and Paying Agent: BNP Paribas Securities Services
Luxembourg Branch
60, avenue J.F. Kennedy
L-1855 Luxembourg
- (ii) Custodian: BNP Paribas Securities Services
Luxembourg Branch
60, avenue J.F. Kennedy
L-1855 Luxembourg
- (iii) Disposal Agent: Credit Suisse International
One Cabot Square
London E14 4QJ
- (iv) Enforcement Agent: BNP Paribas Trust Corporation UK Limited
55 Moorgate
London EC2R 6PA
United Kingdom
- (vi) Calculation Agent: Credit Suisse International
One Cabot Square
London E14 4QJ

Subject to the provisions of the Trust Deed and the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Custodian, the Disposal Agent, the Enforcement Agent 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 or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Disposal Agent, Enforcement Agent or Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Custodian, the Disposal Agent, the Enforcement Agent or the Calculation Agent and to appoint additional or other Paying Agents, Custodian(s), Disposal Agent(s), Enforcement Agent(s), Calculation Agent(s) or such other agents as may be required provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Disposal Agent, (iii) a Calculation Agent, (iv) a Custodian, and (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).

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Condition 23 (*Notices*).

Following the occurrence of an Enforcement Agent Bankruptcy Event, if Noteholders representing at least 75 per cent. in outstanding aggregate nominal amount of the Notes (subject to such

Noteholders providing evidence of their holdings of the Notes to the satisfaction of the Issuer and the Trustee) direct the Issuer in writing to appoint a party chosen by the Noteholders as the replacement Enforcement Agent, provided that such party chosen (i) is a financial institution of international repute, or a group company of international repute of such financial institution of international repute, and (ii) is not subject to Sanctions, then the Issuer shall act in accordance with such direction and, upon a letter of appointment being executed by, or on behalf of, the Issuer and any person appointed as such Enforcement Agent, such person shall become a party to the Trust Deed as if originally named in it and shall act as such Enforcement Agent in respect of the Notes.

(b) Calculation Agent Appointment, Termination and Replacement

If the Calculation Agent fails duly to make any calculation or determination required of it under these Conditions or the Agency Agreement or any other Transaction Document, as the case may be, or fails to comply with any other material requirement under these Conditions, the Agency Agreement or any other Transaction Document, and in each case such failure has not been remedied within a reasonable period, or a Calculation Agent Bankruptcy Event occurs, then:

- (i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior approval of the Trustee to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market that is most closely connected with the calculation(s) and/or determination(s) 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, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed; or
- (ii) if the Issuer has been directed by an Extraordinary Resolution that the Issuer appoint a replacement Calculation Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Calculation Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as calculation agent in respect of the Notes.

(c) Disposal Agent Appointment, Termination and Replacement

If the Disposal Agent fails duly to establish any rate, amount or value required to be determined by it under these Conditions or any Transaction Document or to take the steps required of it under these Conditions or the Agency Agreement or any other Transaction Document to Liquidate the Collateral, as the case may be, or fails to comply with any other material requirement pursuant to these Conditions, the Agency Agreement or any other Transaction Document, or a Disposal Agent Bankruptcy Event occurs, then:

- (i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior written approval of the Trustee to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market to act as such in its

place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed; or

- (ii) if the Issuer has been directed by an Extraordinary Resolution resolving that the Issuer appoint a replacement Disposal Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Disposal Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use its reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as Disposal Agent in respect of the Notes,

provided that where the appointment of the Disposal Agent is terminated as a result of a Bankruptcy Event in respect of the Issuer, the Disposal Agent will no longer be required to liquidate the Mortgaged Property. The Mortgaged Property will be realised in the manner determined by the competent bankruptcy officer in the context of the bankruptcy proceedings.

(d) Replacement of Custodian and/or Issuing and Paying Agent upon a Ratings Downgrade

Clause 20.6 of the Agency Agreement shall apply, as amended by the Issue Deed, and the Required Ratings will be:

- (i) to the extent that the Custodian or the Issuing and Paying Agent, as the case may be, has a short-term issuer credit rating by Standard & Poor's,
 - (A) a short-term issuer credit rating higher than or equal to "A-1" by Standard & Poor's; and
 - (B) a long term issuer credit rating higher than or equal to "A" by Standard & Poor's; and
- (ii) if the Custodian or the Issuing and Paying Agent, as the case may be, has no short-term issuer credit rating by Standard & Poor's, a long-term issuer credit rating higher than or equal to "A+" by Standard & Poor's.

12 Taxation

(a) Withholding or Deductions on Payments in respect of the Notes

Without prejudice to Condition 8(d) (*Redemption for Taxation Reasons*), all payments in respect of the Notes will be made subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature that the Issuer or any Agent is required by applicable law to make. In that event, the Issuer or such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so required to be withheld or deducted. Neither the Issuer nor any Agent will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. For the purposes of this Condition 12(a), any FATCA Withholding Tax shall be deemed to be required by applicable law.

(b) FATCA Information

Each Noteholder and beneficial owner of Notes shall provide the Issuer and/or any agent acting on behalf of the Issuer with such documentation, information or waiver as may be requested by the Issuer and/or any agent acting on behalf of the Issuer in order for the Issuer or any such agent to comply with any obligations any such party may have in connection with the Notes under FATCA and under any agreement entered into by the Issuer and/or any agent acting on behalf of the Issuer pursuant to, or in respect of, FATCA. Each Noteholder and beneficial owner of the Notes further agrees and consents that in respect of FATCA the Issuer may, but is not obliged and owes no duty to any person to, comply with the terms of any intergovernmental agreement between the U.S. and another jurisdiction with respect to FATCA or any legislation implementing such an intergovernmental agreement or enter into an agreement with the U.S. Internal Revenue Service in such form as may be required to avoid the imposition of withholding under FATCA on payments made to the Issuer. In connection therewith, the Issuer may make such amendments to the Notes as are necessary to enable the Issuer to enter into, or comply with the terms of, any such agreement or legislation. Any such amendment will be binding on the Noteholders and Couponholders.

The Trustee shall, upon receipt of a certificate signed by a Director detailing the amendments that are required and certifying that such amendments are necessary (as described above), agree to such amendments without seeking the consent of the Noteholders or any other interested party. Notwithstanding the preceding sentence, the Trustee shall not be required to agree to any such amendments if, in its sole opinion, such amendments would increase its obligations or negatively impact its rights or protections under any Transaction Document.

13 Liquidation

(a) Liquidation Event

Upon the Issuer becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Liquidation Event, it shall provide a Liquidation Commencement Notice to the Disposal Agent, the Custodian and the Trustee thereof as soon as is reasonably practicable, provided that if at such time there is no Disposal Agent, then if a replacement Disposal Agent is appointed pursuant to Condition 11 (*Agents*), such notice shall be provided to such replacement Disposal Agent (if any) upon its appointment as Disposal Agent.

The Disposal Agent shall not be required to monitor, enquire or satisfy itself as to whether a Liquidation Event has occurred. Prior to receipt by it of a Liquidation Commencement Notice, the Disposal Agent may assume that no such event has occurred.

Neither the Trustee nor the Enforcement Agent shall be required to monitor, enquire or satisfy itself as to whether any Liquidation Event has occurred or to calculate any Early Redemption Amount and shall have no obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Disposal Agent or any other Secured Creditor. Each of the Trustee and the Enforcement Agent shall be entitled to rely on any notice given by the Issuer, the Disposal Agent or any other person on their behalf as to the occurrence of a Liquidation Event without further enquiry or investigation and without any liability for so relying and until it receives such notice may assume that no Liquidation Event has occurred. The Disposal Agent shall not be regarded as acting as the agent of the Trustee in any circumstances and the Trustee shall not incur any liability to any person in respect of any acts or omissions or the exercise of any discretion by the Disposal Agent. The Trustee shall have no responsibility or liability for the performance or any failure or delay in the performance by the Disposal Agent under the Agency Agreement or these Conditions or for the payment of any commissions or expenses charged by it

or for any failure by the Disposal Agent to account for the proceeds of any Liquidation of Collateral in accordance with the Agency Agreement and these Conditions.

The Disposal Agent shall be entitled to rely on a Liquidation Commencement Notice without investigation of whether the relevant Liquidation Event has occurred.

Any Liquidation Commencement Notice delivered by the Issuer or the Trustee shall not be valid and the Disposal Agent shall not take any action in relation thereto if the Disposal Agent has already received (i) a valid Liquidation Commencement Notice in respect of the same or a prior Liquidation Event or (ii) a valid Enforcement Notice from the Trustee.

(b) Liquidation Process

Following receipt by it of a valid Liquidation Commencement Notice the Disposal Agent shall, and if it otherwise determines (in its sole and absolute discretion) that a Liquidation Event has occurred (and has so notified the Trustee and the Issuer in writing), may, on behalf of the Issuer, so far as is practicable in the circumstances and to the extent that the relevant Collateral is outstanding,

- (i) subject to paragraph (ii) below, effect a Liquidation of the Collateral commencing on the Liquidation Commencement Date with a view to Liquidating all the Collateral on or prior to the Early Valuation Date and provided that none of the Disposal Agent, the Issuer or the Trustee shall have any liability if the Liquidation of all Collateral has not been effected by such date. If the Collateral has not been Liquidated in full by such date, the Disposal Agent shall continue in its attempts to effect a Liquidation of the Collateral until such time (if any) as it is instructed by the Issuer to the contrary or until it receives a valid Enforcement Notice from the Trustee; and
- (ii) for the purpose of paragraph (i) above:
 - (A) the Disposal Agent shall seek to Liquidate all of the Collateral as soon as reasonably practicable, and in any event within 30 Reference Business Days, following the relevant Early Redemption Commencement Date (the “**Target Liquidation Period**”); and
 - (B) the Disposal Agent shall request each of five Qualifying Banks to provide its all-in, firm executable bid price (a “**Quotation**”) in the Specified Currency to purchase the Collateral on a day within the Target Liquidation Period, and it shall sell the Collateral on such a date to the Qualifying Bank who provides the highest Quotation, save that where no Quotations are obtained, the Disposal Agent shall determine the value of the Collateral in its sole discretion, acting in a commercially reasonable manner.

The Disposal Agent must effect any Liquidation as soon as reasonably practicable within the available timeframe and in a commercially reasonable manner, even where a larger amount could possibly be received in respect of such Collateral if any such Liquidation were to be delayed. Subject to such requirement, the Disposal Agent shall be entitled to effect any Liquidation by way of one or multiple transactions on a single or multiple day(s). In accordance with the terms of the Trust Deed and Condition 5(e) (*Disposal Agent’s Right Following Liquidation Event*), following the occurrence of a Liquidation Event and effective delivery of a valid Liquidation Commencement Notice, the Security shall be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the Collateral. Nothing in this Condition 13(b) or Condition 5(e) (*Disposal Agent’s Right Following Liquidation Event*) will operate to release the charges and other security interests over the proceeds of the Liquidation of the Collateral. The Disposal Agent shall not be liable to the Issuer, the Trustee, the Noteholders, the

Couponholders or any other person merely because a larger amount could have been received had any such Liquidation been delayed or had the Disposal Agent selected a different method of Liquidating any such Collateral.

In determining whether or not to take any action as a result of its determination that a Liquidation Event has occurred, the Disposal Agent (i) shall have complete discretion, (ii) shall have no duty or obligation to the Issuer, any Noteholder or any other person to take any such action or make any such determination and (iii) shall not be liable for any such determination or decision or the timing thereof.

Notwithstanding anything to the contrary in these Conditions, the Disposal Agent shall be subject to the transfer restrictions applicable to the Collateral in relation to any Liquidation of the Collateral under this Condition 13, including, but not limited to, the restrictions set out in Collateral Condition 10(j) (*Restrictions on Transfer of Certain Notes*) and Collateral Condition 10(k) (*Grants of Security*). The Disposal Agent shall not, and shall not be required to, Liquidate the Collateral where such Liquidation would violate any such transfer restrictions.

(c) Proceeds of Liquidation

The Disposal Agent shall not be liable:

- (i) to account for anything except actual proceeds of the Collateral received by it (after deduction of the amounts (if any) described in Condition 13(d) (*Costs and Expenses*)) and which shall, upon receipt, automatically become subject to the Security created by the Trust Deed; or
- (ii) for any taxes, costs, charges, losses, damages, liabilities, fees, commissions or expenses arising from or connected with any Liquidation or from any act or omission in relation to the Collateral or otherwise unless such taxes, costs, charges, losses, damages, liabilities or expenses shall be caused by its own negligence, fraud or wilful default.

In addition, the Disposal Agent shall not be obliged to pay to the Issuer, any Transaction Party, any Noteholder or any Couponholder, interest on any proceeds from any Liquidation held by it at any time.

(d) Costs and Expenses

The Issuer acknowledges that in effecting the Liquidation, Liquidation Expenses may be incurred. The Issuer agrees that any such Liquidation Expenses shall be borne by the Issuer and that the Disposal Agent shall only be required to remit the proceeds of such Liquidation net of such Liquidation Expenses. Where the Disposal Agent makes such net remittance to the Issuer but has itself received the relevant payment on a gross basis, the Disposal Agent agrees to apply the relevant amount retained by it in payment of such Liquidation Expense.

“Liquidation Expenses” means (i) any taxes and (ii) any reasonable transaction fees or commissions applicable to such Liquidation, including any brokerage or exchange commissions, provided that such transaction fees or commissions are limited to and no higher than those that would necessarily and routinely be charged by the third party market participant to whom such fees or commissions are payable for a sale transaction of that type to third parties on an arm’s length basis. Save for such reasonable transaction fees or commissions, Liquidation Expenses shall not include any fee charged by, or any other amounts owed to, the Disposal Agent for the performance of its duties specified in, or incidental to, these Conditions (the **“Disposal Agent Fees”**). Such Disposal Agent Fees shall be paid to the Disposal Agent in accordance with Condition 16 (*Application of Available Proceeds or Managers’ Available Proceeds*).

In addition, the Disposal Agent shall not be obliged to pay to the Issuer, any Transaction Party, any Noteholder or any Couponholder, interest on any proceeds from any Liquidation held by it at any time.

(e) Good Faith of Disposal Agent

In effecting any Liquidation, the Disposal Agent shall act in good faith and, subject as provided above, in respect of any sale of the Collateral, shall agree a price that it reasonably believes to be representative of or better than the price available in the market for the sale of such Collateral in the appropriate size taking into account the total amount of Collateral to be sold.

(f) Disposal Agent to Use All Reasonable Care

The Disposal Agent shall use all reasonable care in the performance of its duties but shall not be responsible for any loss or damage suffered by any party as a result thereof save that the Disposal Agent's liability to the Issuer shall not be so limited where the loss or damage results from negligence, wilful default or fraud of the Disposal Agent.

(g) No Relationship of Agency or Trust

The Disposal Agent shall not have any obligations towards or relationship of agency or trust with any Noteholder, Couponholder or other Transaction Party.

(h) Consultations on Legal Matters

The Disposal Agent may consult on any legal matter with any reputable legal adviser of international standing selected by it, who may be an employee of the Disposal Agent or adviser to the Issuer, and it shall not be liable in respect of anything done or omitted to be done relating to that matter in good faith in accordance with that adviser's opinion.

(i) Reliance on Documents

The Disposal Agent shall not be liable in respect of anything done or suffered by it in reliance on a document it reasonably believed to be genuine and to have been signed by the proper parties or on information to which it should properly have regard and which it reasonably believed to be genuine and to have been originated by the proper parties.

(j) Entry into Contracts and Other Transactions

The Disposal Agent may enter into any contracts or any other transactions or arrangements with any of the Issuer, any other Transaction Party, any Noteholder, any Couponholder, the Collateral Obligor or any Affiliate of any of them (whether in relation to the Notes, the Collateral, the Security, an Obligation or any other transaction or obligation whatsoever) and may hold or deal in or be a party to the assets, obligations or agreements of which the relevant Collateral forms a part and other assets, obligations or agreements of the Collateral Obligor in respect of the Collateral. The Disposal Agent shall not be required to disclose any such contract, transaction or arrangement to any Noteholder, any Couponholder or other Transaction Party and shall be in no way accountable to the Issuer or (save as otherwise provided in the Agency Agreement and these Conditions) to any Noteholder, any Couponholder or any other Transaction Party for any profits or benefits arising from any such contract(s), transaction(s) or arrangement(s) and shall resolve any conflict of interest arising out of or in relation thereto in such manner as it deems appropriate, in its sole and absolute discretion.

(k) Illegality

The Disposal Agent shall not be liable to effect a Liquidation of any of the Collateral if it determines, in its sole and absolute discretion, that any such Liquidation of some or all of the

Collateral in accordance with Condition 13 (*Liquidation*) would or might require or result in a violation of any applicable law or regulation of the jurisdiction in which the Issuer is domiciled or any other relevant jurisdiction, including any insolvency prohibition or moratorium on the disposal of assets, or that for any other reason it is not possible for it to dispose of the Collateral (even at zero), and the Disposal Agent notifies the Issuer and the Trustee of the same.

(l) Notification of Enforcement Event

Upon the Trustee effectively giving a valid Enforcement Notice to the Disposal Agent following the occurrence of an Enforcement Event, the Disposal Agent shall cease to effect any further Liquidation of any Collateral and shall take no further action to Liquidate any Collateral, save that any transaction entered into in connection with the Liquidation on or prior to the effective date of any such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or which is incidental thereto.

(m) Transfer of Collateral to Disposal Agent and its Affiliates

In effecting any Liquidation, the Disposal Agent may sell any Collateral to itself (subject to Condition 13(l) (*Notification of Enforcement Event*)) or to any of its Affiliates, provided that (i) the Disposal Agent or such Affiliates are Qualifying Banks and (ii) the price for such Collateral is paid to the Custodian or to the order of the Issuer. The Disposal Agent shall not have the right to transfer the Collateral to itself or to any of its Affiliates other than in connection with a sale hereof to itself or one of its Affiliates, as applicable, and provided that such sale is executed on a delivery versus payment basis.

Notwithstanding the immediately preceding paragraph, if the Disposal Agent has reasonable grounds to believe that a Bankruptcy Event has occurred with respect to the Custodian and it has not received contrary orders from the Issuer it shall make arrangements for any such price for the Collateral to instead be paid to the Issuing and Paying Agent, provided that, if it also has reasonable grounds to believe that a Bankruptcy Event has also occurred with respect to the Issuing and Paying Agent, it shall retain and hold such Liquidation Proceeds to the order of the Issuer and subject to the Security created by the Trust Deed.

14 Enforcement of Security

(a) Enforcement by the Trustee

At any time after the occurrence of an Enforcement Event (as defined below), the Trustee may at its discretion and without notice, and if directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction and provided that the Trustee has effectively delivered a valid Enforcement Notice (as defined below) to the Issuer, the Custodian and the Disposal Agent) enforce all of the Security constituted by the Trust Deed.

To do this it may, at its discretion, realise the Collateral subject to the provisions of Condition 17 (*Enforcement of Rights or Security*), and/or enforce and/or terminate the Agency Agreement in accordance with its terms and/or enforce and/or terminate the Purchase Agreement (insofar as it relates to the Issuer's rights, title and interest to acquire the Original Collateral) in accordance with its terms without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders.

Any realisation and/or enforcement of the Security over the Collateral or exercise of any right in respect of the Collateral shall be subject to the transfer restrictions in respect of the Collateral set forth in the Collateral Conditions, including, but not limited to, Collateral Condition 10(j) (*Restriction on Transfer of Certain Notes*) and Collateral Condition 10(k) (*Grants of Security*).

Without prejudice to Condition 17 (*Enforcement of Rights or Security*), in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors, nor shall the Noteholders or the other Secured Creditors (when acting in their respective capacities) be permitted, to take any action against the Collateral Obligor or enforce any claim that the Issuer may have against the Collateral Obligor in respect of the Collateral or the Purchase Agreement or otherwise whether before, upon, or after any Security created by or pursuant to the Trust Deed becoming enforceable.

(b) Enforcement Notice

Prior to taking any steps to enforce the Security, the Trustee shall notify the Issuer, the Custodian and any Disposal Agent appointed at that time (such notice being an “**Enforcement Notice**”) that (i) the Trustee intends to enforce the Security or has been directed to do so and (ii) the Disposal Agent is to cease to effect any further Liquidation of the Collateral (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto.

(c) Enforcement of Security

The Security over the Mortgaged Property created by or pursuant to the Trust Deed as described in Condition 5(a) (*Security*) shall become enforceable upon the occurrence of one or more of the following, each an “**Enforcement Event**”:

- (i) an Event of Default;
- (ii) a Collateral Event;
- (iii) a Tax Event, but only in the event that the Issuer has failed, in the determination of the Noteholders (acting by an Extraordinary Resolution), to take reasonable measures to arrange a substitution or change in residence in accordance with the terms of Condition 8(d) (*Redemption for Taxation Reasons*) and no such substitution or change in residence is effected;
- (iv) an Illegality Event, but only in the event that the Issuer has failed, in the determination of the Trustee (acting by an Extraordinary Resolution), to take reasonable measures to arrange a substitution or change in legal characteristics in accordance with the terms of Condition 8(e) (*Redemption Following an Illegality Event*) and no such substitution or change in legal characteristics is effected;
- (v) following the occurrence of a Liquidation Event, the Collateral has not been Liquidated in full by the Early Valuation Date; or
- (vi) default is made in the payment of any Collateral Call Redemption Amount, interest payable on a Collateral Call Redemption Date or Early Redemption Amount,

and, for the avoidance of doubt, the Manager’s Security created by or pursuant to the Trust Deed as described in Condition 5(b) (*Managers’ Security*) shall not become enforceable solely as a result of such Enforcement Event.

(d) Enforcement Agent to realise Security

Notwithstanding Condition 14(a) (*Enforcement by the Trustee*) or Condition 13 (*Liquidation*), at any time after the Security has become enforceable in accordance with Condition 14(c) (*Enforcement of Security*) and subject to Clause 5.7 (*Enforcement of Security*) of the Master Trust Terms (such Clause as amended by the Issue Deed), the Enforcement Agent shall, if the Issuer is directed to do so by an Extraordinary Resolution (subject to the Enforcement Agent being

indemnified and/or secured and/or prefunded to its satisfaction): (i) 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 and/or the Issuer's rights, title and interest under the Purchase Agreement to acquire the Collateral and/or (ii) instruct the Disposal Agent, as agent of the Issuer, to arrange for any relevant disposal, transfer or receipt of securities to be delivered to or by the Issuer in connection therewith, in accordance with the terms of the Agency Agreement and, in each case, the Enforcement Agent will act only in accordance with any Extraordinary Resolution. The Security described in Condition 5(a) (*Security*) will automatically be released without further action on the part of the Trustee to the extent necessary for the Enforcement Agent to take the actions described in this Condition 14(d). The Enforcement Agent shall have no obligation to supervise the Disposal Agent and shall not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by any person by reason of any action or omission, determination, default, misconduct, negligence or fraud of the Disposal Agent in the performance of its duties under the Agency Agreement.

Any realisation and/or enforcement of the Security over the Collateral or exercise of any right in respect of the Collateral shall be subject to the restrictions set forth in the Collateral Conditions, including, but not limited to, Collateral Condition 10(j) (*Restrictions on Transfer of Certain Notes*) and Collateral Condition 10(k) (*Grants of Security*).

Notwithstanding Condition 14(a) (*Enforcement by the Trustee*), in acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such action as would have been permitted to be taken by the Trustee upon the Security becoming enforceable if the last sentence of Condition 14(a) (*Enforcement by the Trustee*) did not apply.

Neither the Enforcement Agent nor the Disposal Agent is an agent of the Trustee.

All actions and determinations of the Disposal Agent in the performance of its duties shall be made by the Disposal Agent (and not, for the avoidance of doubt, by the Trustee or the Enforcement Agent) and in good faith and neither the Trustee nor the Enforcement Agent shall incur any liability therefor.

The Enforcement Agent is the agent of the Issuer and the Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition 14(d) shall, upon receipt thereof, be paid to the Trustee who shall hold such moneys on trust with the Custodian and apply such moneys in accordance with Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*).

15 Enforcement of Managers' Security

(a) Enforcement of Managers' Security

The Managers' Security over the Managers' Secured Property created by or pursuant to the Trust Deed as described in Condition 5(b) (*Managers' Security*) shall become enforceable upon failure by the Issuer to pay on demand any Manager's Claim and, for the avoidance of doubt, the Security created by or pursuant to the Trust Deed as described in Condition 5(a) (*Security*) shall not become enforceable in such circumstances.

(b) Enforcement Agent to realise Managers' Security

At any time after the Managers' Security has become enforceable in accordance with Condition 15(a) (*Enforcement of Managers' Security*) and subject to Clause 5.7 (*Enforcement of Security*) of

the Master Trust Terms (such Clause as amended by the Issue Deed), the Enforcement Agent shall in accordance with the Trust Deed (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) exercise on behalf of the Issuer as the Issuer's agent any rights, title and interest of the Issuer under the Purchase Agreement (other than the Issuer's rights, title and interest under the Purchase Agreement to acquire the Collateral). The provisions of Clause 5.7 (*Enforcement of Security*) of the Master Trust Terms (such Clause as amended by the Issue Deed) shall apply in relation to any enforcement of the Managers' Security and the Managers' Trustee shall not be permitted to take any enforcement action against the Collateral Obligor in accordance therewith.

In acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such steps, actions or proceedings as would have been permitted to be taken by the Managers' Trustee upon the Managers' Security becoming enforceable provided that the Enforcement Agent shall be permitted to take enforcement action against the Collateral Obligor. The Managers' Security described in Condition 5(b) (*Security*) will automatically be released without further action on the part of the Managers' Trustee to the extent necessary for the Enforcement Agent to take the actions described in this Condition 15(b).

The Enforcement Agent is not the agent of the Managers' Trustee.

The Enforcement Agent is the agent of the Issuer and the Managers' Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition shall, upon receipt thereof, be paid to the Managers' Trustee who shall hold such moneys on trust and apply such moneys in accordance with Condition 16(c) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*).

16 Application of Available Proceeds or Managers' Available Proceeds

(a) Application of Available Proceeds of Liquidation

The Issuer shall, on the Issuer Application Date, apply the Available Proceeds as they stand on such date as follows:

- (i) first, in payment or satisfaction of any taxes owing by the Issuer;
- (ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees and the Trustee's remuneration);
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security for the Notes under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Mortgaged Property, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;

- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of any Early Redemption Amount then due and payable and any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the Noteholders; and
- (vii) seventhly, in payment rateably of the Residual Amount to the holders of Notes,

save that no such application shall be made at any time following an Enforcement Notice having been effectively delivered by the Trustee following the occurrence of an Enforcement Event.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If, following the Issuer Application Date, the Issuer receives any sum from the Mortgaged Property, the Issuer shall send a notice to the Trustee, the Issuing and Paying Agent and the Disposal Agent of the same as soon as is reasonably practicable upon receiving any such sum.

(b) Application of Available Proceeds of Enforcement of Security

Subject to and in accordance with the terms of the Trust Deed, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Trustee Application Date as follows:

- (i) first, in payment or satisfaction of any taxes owing by the Issuer;
- (ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in relation to the Notes in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee's remuneration);
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security for the Notes under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Collateral, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of any Early Redemption Amount then due and payable and any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the Noteholders; and
- (vii) seventhly, in payment rateably of the Residual Amount to the holders of Notes.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If the amount of moneys available to the Trustee for payment in respect of the Notes under this Condition 16(b) at any time following delivery by the Trustee of an Enforcement Notice in accordance with these Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Condition 16(b) and shall, place such amounts on deposit as provided in paragraph (d) below and shall retain such amounts and accumulate the resulting income until the amounts and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such amounts and accumulations (after deduction of, or provision for, any applicable taxes and negative interest) shall be applied as specified in this Condition 16(b).

(c) Application of Managers' Available Proceeds of Enforcement of Managers' Security

Subject to and in accordance with the terms of the Trust Deed, the Managers' Trustee (or any receiver appointed by it) will hold the Managers' Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Managers' Trustee Application Date as follows:

- (i) first, in payment or satisfaction of any taxes owing by the Issuer;
- (ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Managers' Trustee or any receiver in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Managers' Security and the Managers' Trustee's remuneration);
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Managers' Security under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);
- (iv) fourthly, in meeting any Manager's Claim; and
- (v) fifthly, in payment of the Residual Amount to the Issuer.

(d) Deposits

Moneys held by the Trustee shall be deposited in its name in a non-interest bearing account at such bank or other financial institution as the Trustee may, acting in good faith and in a commercially reasonable manner and in its absolute discretion, think fit. The parties acknowledge and agree that notwithstanding that such account is intended to be a non-interest bearing account in the event that the interest rate in respect of certain currencies is a negative value, the application thereof would result in amounts being debited from funds held by such bank or financial institution ("**negative interest**").

(e) Insufficient Proceeds

- (i) Insufficient Proceeds from the Mortgaged Property

If the moneys received following Liquidation of the Mortgaged Property or the enforcement of Security (as applicable) are not enough to pay in full all amounts to persons whose claims rank rateably, the Disposal Agent or the Trustee (or any receiver appointed by the Trustee) (as applicable) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

- (ii) Insufficient Proceeds from the Managers' Security

If the moneys received following the enforcement of the Managers' Security are not enough to pay in full all amounts to persons whose claims rank rateably, the Managers' Trustee (or any receiver appointed by the Managers' Trustee) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

(f) Foreign Exchange Conversion

To the extent that any proceeds payable to any Secured Creditor pursuant to this Condition 16 are not in the Specified Currency, then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Disposal Agent (prior to the Trustee enforcing the Security pursuant to the Trust Deed and as described in Condition 14 (*Enforcement of Security*)) or the Trustee (following the Trustee enforcing the Security pursuant to the Trust Deed and as described in Condition 14 (*Enforcement of Security*)), but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders, the Couponholders and the Custodian.

17 Enforcement of Rights or Security

If any Security becomes enforceable, or any other right arises to pursue any remedies against the Issuer for a breach by the Issuer of the terms of the Trust Deed or the Notes, only the Trustee or the Enforcement Agent (acting as agent of the Issuer in accordance with the Issue Deed) may at its discretion and shall, on receipt (by the Issuer, in the case of the Enforcement Agent) of any Extraordinary Resolution, enforce the Security constituted by the Trust Deed, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or the Enforcement Agent shall (subject to the relevant direction being in form and content satisfactory to the Trustee or the Enforcement Agent) be obliged to act on the first Extraordinary Resolution received pursuant to this Condition 17.

To do this, the Trustee or any receiver appointed as provided for in the Trust Deed (subject to the following paragraph) or the Enforcement Agent may, at its discretion, take possession of and/or realise the Collateral and/or take action against any person liable in respect of any Collateral to enforce repayment of such Collateral, enforce and/or terminate the Agency Agreement in accordance with its terms, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders. None of the Trustee, any receiver or the Enforcement Agent shall be required to take any action in relation to the enforcement of the Security without first being indemnified and/or secured and/or prefunded to its satisfaction.

Notwithstanding the foregoing, in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors, nor shall the Noteholders or the other Secured Creditors (when acting in their respective capacities) be permitted, to take any action against the Collateral Obligor or to enforce any claim that the Issuer may have against the Collateral Obligor in respect of the Collateral or the Purchase Agreement or otherwise whether before, upon, or after any Security becoming enforceable. If the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, but only to the extent that the Trustee is permitted to take such action pursuant to Condition 14(a) (*Enforcement by the Trustee*), fails or neglects to do so, then the Noteholders may exercise their usual rights under Clause 14.2 of the Master Trust Terms (such Clause as amended by the Issue Deed) to remove the Trustee, but shall in no circumstances be entitled to proceed directly against the Issuer or the Collateral Obligor.

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 paragraph 1.4.5(xxx) of Schedule 1 (*Amendments*) to the Issue Deed to remove the Enforcement Agent, but shall in no circumstances be entitled to proceed directly against the Issuer or the Collateral Obligor.

18 Limited Recourse and Non-Petition

(a) General Limited Recourse

(i) Limited Recourse to the Mortgaged Property

The obligations of the Issuer to pay any amounts due and payable in respect of the Notes and to the other Secured Creditors at any time in respect of the Notes shall be limited to the proceeds available out of the Mortgaged Property in respect of such Notes at such time to make such payments in accordance with Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Secured Creditors, including the Noteholders and the Couponholders, shall have recourse only to the Mortgaged Property, subject always to the Security, and not to any other assets of the Issuer. If, after (i) the Mortgaged Property is exhausted (whether following Liquidation or enforcement of the Security or otherwise) and (ii) application of the Available Proceeds relating to the Notes, as provided in Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Notes or the Transaction Documents relating to the Notes remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 18(a)(i), none of the Secured Creditors, including the Noteholders and the Couponholders, or any other person acting on behalf of any of them, shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum in respect of the Notes.

(ii) Limited Recourse to the proceeds of the Managers' Secured Property

The obligations of the Issuer to pay any amounts due and payable in respect of any Manager's Claim, or to any other Managers' Secured Party, at any time shall be limited to the proceeds available out of the Managers' Secured Property at such time to make such payments in accordance with Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Managers' Trustee and the other Managers' Secured Parties shall have recourse only to the proceeds of the Managers' Secured Property, subject always to the Managers' Security, and not to any other assets of the Issuer. If, after (i) the Managers' Secured Property is exhausted and (ii) application of the Managers' Available Proceeds relating to the Managers' Security, as provided in Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Managers' Security remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 18(a)(ii), none of the Managers' Trustee, the other Managers' Secured Parties or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

(b) Non-Petition

None of the Transaction Parties (save for the Trustee or the Managers' Trustee who may lodge a claim in liquidation of the Issuer which is initiated by another party or take proceedings to obtain a declaration or judgment as to the obligations of the Issuer), the Noteholders, the Couponholders or any person acting on behalf of any of them may, at any time, institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other notes issued by the Issuer (save for any further notes which form a single series with the Notes) or Mortgaged Property in respect of a different series or Obligations issued or entered into by the Issuer or any other assets of the Issuer (other than the Mortgaged Property in respect of the Notes or, in the case of the Managers' Secured Parties, the Managers' Secured Property).

(c) Corporate Obligation

In addition, none of the Transaction Parties, the Noteholders, the Couponholders or any person acting on behalf of any of them shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of these Conditions, the Trust Deed or any other Transaction Documents.

(d) Survival

The provisions of this Condition 18 shall survive notwithstanding any redemption of the Notes or the termination or expiration of any Transaction Document.

19 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 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

20 Meetings of Noteholders, Modification, Waiver and Substitution

(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 and give authority, direction or sanction required by, *inter alia*, Condition 5 (*Security*) or Condition 8 (*Redemption and Purchase*) to be given by Extraordinary Resolution. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal 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 redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal 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) to vary any method of, or basis for, calculating the Early Redemption Amount or Final Redemption Amount, (v) to vary the currency or currencies of payment or the currency or currencies of the denomination of the Notes, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (vii) to modify the provisions of the Trust Deed concerning this exception, (viii) to modify Condition 5 (*Security*) or to hold an Extraordinary Resolution for purposes of Condition 5(c) (*Issuer's Rights as Beneficial Owner of Collateral*), (ix) to modify Conditions 16 (*Application of Available Proceeds or Managers' Available Proceeds*) and 18 (*Limited Recourse and Non-Petition*) or (x) to modify Conditions 8(a) (*Final Redemption*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*), in which case the necessary quorum ("**Special Quorum**") shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion in accordance with the Trust Deed. In circumstances in which there is only one Noteholder in respect of all the Notes of the Relevant Noteholder Proportion outstanding, the quorum for all purposes shall be one. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at or participated in the meeting at which such resolution was passed) and on the holders of Coupons and Talons.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding of the Relevant Noteholder Proportion (a "**Written Resolution**") or (ii) where the Notes are held by or on behalf of a clearing system or clearing systems, 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 aggregate

nominal amount of the Notes then outstanding of the Relevant Noteholder Proportion (“**Electronic Consent**”) shall, in each case 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) be as valid and effective as an Extraordinary Resolution of such Relevant Noteholder Proportion passed at a meeting of Noteholders duly convened and held. Such Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Such Written Resolution and/or Electronic Consent will be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Written Resolution or Electronic Consent.

For the purposes of this Condition 20(a):

- (i) references to a meeting are to a meeting of holders of the Notes; and
- (ii) references to “**Notes**” and “**Noteholders**” are only to the Notes in respect of which a meeting has been, or is to be, called, and to the holders of such Notes, respectively..

(b) Modification of these Conditions and/or any Transaction Document

- (i) Subject to sub-paragraph (ii) below, the Trustee, without the consent of the Noteholders or the Couponholders, (a) may agree to any modification of any of these Conditions or any of the provisions of the Transaction Documents that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or (b) if the Collateral Obligor has exercised its rights pursuant to Collateral Condition 6(f) (*Substitution and Variation*) to substitute all (but not some only) of the Collateral or to vary the terms of the Collateral, shall agree to make any corresponding changes to these Conditions, the Trust Deed or any other Transaction Document which are proposed by the Issuer (such changes, the “**Collateral Substitution/Variation Modifications**”), and may agree, without the consent of the Noteholders, to 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 or any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. To the extent that any Agent is appointed or replaced pursuant to Condition 11(b)(ii) (*Calculation Agent Appointment, Termination and Replacement*) and/or Condition 11(c)(ii) (*Disposal Agent Appointment, Termination and Replacement*), the Issuer may make such modifications to these Conditions and/or the Transaction Documents as it determines necessary to reflect such appointment or replacement (such modifications, the “**Agent Appointment/Replacement Modifications**”) to which the Trustee shall agree to make, and the Trustee shall sign such documents as may be required to give effect to such modifications. Any such modification, authorisation or waiver as is made or given under this Condition 20(b) shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as is practicable. The Issuer shall notify Standard & Poor’s of any modification made by it in accordance with this Condition and the Trust Deed.
- (ii) The Trustee shall only be obliged to agree to any Collateral Substitution / Variation Modifications upon receipt of a certificate of the Issuer signed by a director of the Issuer certifying that such modifications are required solely to make the corresponding changes referred to in paragraph (b) of Condition 20(b)(i). The Trustee shall only be obliged to agree to any Agent Appointment/Replacement Modifications upon receipt of a certificate of the Issuer signed by a director of the Issuer certifying that such modifications are required solely to reflect the appointment or replacement of an Agent. When implementing such modifications the Trustee shall not consider the interests of the Noteholders, the

Couponholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on such certificate provided to it by the Issuer pursuant to this Condition 20 and shall not be liable to the Noteholders, the Couponholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

- (iii) Notwithstanding sub-paragraph (i) above, (a) any amendment to the Managers' Secured Property requires the consent of all the Managers' Secured Parties, and (b) the Managers' Trustee and the Enforcement Agent each agree, upon a direction from the Managers, to consent to any amendment to the Managers' Secured Property, unless such amendment, in the opinion of the Managers' Trustee or the Enforcement Agent (in its absolute discretion), would impose any onerous obligations on either the Managers' Trustee or the Enforcement Agent or expose the Managers' Trustee or the Enforcement Agent to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Managers' Trustee or the Enforcement Agent in these Conditions or the Issue Deed in any way.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, without the consent of the Noteholders or the Couponholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes, the Coupons and the Talons, as applicable. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or any other Transaction Document provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 20) 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 or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

21 Replacement of Notes, Coupons and Talons

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the Specified Office of the Issuing and Paying Agent or such other Paying Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 23 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently

presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

22 Further Issues

The Issuer may from time to time without the consent of the Noteholders or the Couponholders but subject to Condition 6 (*Restrictions*) create and issue further notes or other Obligations either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. Any such further notes shall only form a single series with the Notes (unless otherwise sanctioned by an Extraordinary Resolution) if the Issuer provides additional assets (as security for such further notes) which are fungible with, and have the same proportionate composition as, those forming part of the Mortgaged Property for the Notes and in the same proportion as the proportion that the nominal amount of such new notes bears to the Notes. Any new notes forming a single series with the Notes shall be constituted and secured by a deed supplemental to the Trust Deed, such further security shall be added to the Mortgaged Property so that the new notes and the existing Notes shall be secured by the same Mortgaged Property (and, for the avoidance of doubt, all the holders of the first and all later Tranches of Notes shall benefit from the Mortgaged Property on a *pari passu* basis) and references in these Conditions to “**Notes**”, “**Collateral**”, “**Mortgaged Property**”, “**Secured Payment Obligations**” and “**Secured Creditor**” shall be construed accordingly. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified series in certain circumstances where the Trustee so decides.

23 Notices

Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in Europe and for so long as Notes are listed on a stock exchange, published in accordance with the rules of such stock exchange. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition 23. In addition, if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange.

24 Indemnification and Obligations of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee, for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral and for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security created over the Mortgaged Property and the Managers’ Security created over the Managers’ Secured Property. The Trustee is not obliged or required to take any step, action or proceeding under the Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and any Affiliate of the Trustee are entitled to enter into business transactions with the Issuer, the Collateral Obligor, the Managers or any of their subsidiaries, holding or associated companies without accounting to the Noteholders or Couponholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral and from any claim arising from the fact that the Collateral will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless and until it has actual knowledge to the contrary.

The Trust Deed provides that in acting as Trustee under the Trust Deed the Trustee does not assume any duty or responsibility to the Disposal Agent, the Enforcement Agent, the Custodian, the Calculation Agent or any of the Paying Agents or any other Transaction Party (other than to pay to any of such parties any moneys received and repayable to it and to act in accordance with the provisions of Condition 5 (*Security*) and Condition 16 (*Application of Available Proceeds or Managers' Available Proceeds*) and shall have regard solely to the interests of the Noteholders.

None of the Trustee nor the Paying Agents shall be required or obliged to monitor or enquire as to whether any event, condition or circumstance which could lead to an early redemption of the Notes exists or has occurred. None of the Trustee nor the Paying Agents shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Calculation Agent or any Secured Creditor.

Equivalent protective provisions apply in relation to the Managers' Trustee in relation to the Managers' Security under the terms of the Trust Deed.

25 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, except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

26 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed (save for clauses 5.2, 5.6.1(ii), 5.8.2, 5.9 and 5.12.2 thereof) and the Notes, the Coupons and the Talons 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.

Clauses 5.2, 5.6.1(ii), 5.8.2, 5.9 and 5.12.2 of the Trust Deed and any non-contractual obligations arising out of or in connection therewith shall be governed by Luxembourg law.

(b) Jurisdiction

Apart from clauses 5.2, 5.6.1(ii), 5.8.2, 5.9 and 5.12.2 of the Trust Deed (in respect of which the parties irrevocably submit to the exclusive jurisdiction of the courts of the City of Luxembourg (Grand Duchy of Luxembourg) in connection with any disputes arising thereunder), the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts. This submission is made for the benefit of the Trustee, the Managers' Trustee, the Enforcement Agent and the holders of the Notes, Coupons, Receipts and Talons and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process

The Issuer has irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

FORM OF THE NOTES

The Notes will be represented by a permanent global note (the “**Global Note**”) exchangeable for Definitive Notes in the limited circumstances specified in the Global Note.

Set out below is a summary of the provisions relating to the Notes while in global form.

Initial Issue of the Notes

The Global Note may be delivered on or prior to the Issue Date to the Common Depositary. Upon the initial deposit of the Global Note with the Common Depositary, the Clearing System will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. The records of the Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by the Clearing System at any time shall be conclusive evidence of the records of the Clearing System at that time.

Relationship of Accountholders with the Clearing System

Each of the persons shown in the records of the Clearing System as the holder of a Note represented by the Global Note must look solely to the Clearing System for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of the Clearing System. 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 and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

Exchange

The 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 Global Note is held on behalf of the Clearing System and the 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 the Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Delivery of Notes

On or after any due date for exchange, the holder of the Global Note may surrender such Global Note to or to the order of the Issuing and Paying Agent. In exchange for such Global Note, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes.

Amendment to Conditions

The Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on the Global Note unless exchange for Definitive Notes is improperly withheld or refused. All payments in respect of Notes represented by the

Global Note 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. Each payment so made shall discharge the Issuer's obligations in respect thereof. A record of each such payment so made will be endorsed on the Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 11(a) (*Appointment of Agents*) will apply to the Definitive Notes only. For the purpose of any payments made in respect of the Global Note, the words "in the relevant place of presentation," shall not apply in the definition of "business day" in Condition 10(e) (*Non-Business Days*).

Prescription

Claims against the Issuer in respect of the Notes will become void unless they are presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

Meetings

The holder of the Global Note shall (unless such Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of the Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

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

Purchase

Notes represented by the Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest thereon.

Trustee's Powers

In considering the interests of Noteholders while the Global Note is held on behalf of the Clearing System, the Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to the Global Note and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Note.

Amendments

While the Global Note is held on behalf of the Clearing System, for the purpose of determining whether a written resolution has been validly passed the Issuer and the Trustee shall be entitled to rely on consent or instructions given by accountholders in the Clearing System with entitlements to the Global Note or, where the accountholders hold any such entitlement on behalf of another person, on consent from or instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on the Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by the Clearing System, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be

conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online 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. The Issuer shall not 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.

Notices

So long as the Notes are represented by the Global Note and such Global Note is held on behalf of the Clearing System, notices to the Noteholders may be given by delivery of the relevant notice to the 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, except that if and for so long as the Notes are listed on a stock exchange, all notices to Noteholders will be published in accordance with the rules of such stock exchange.

For the purposes of this Series Prospectus:

"Clearing System" means Euroclear and Clearstream, Luxembourg.

"Common Depository" means a common depository for the Clearing System.

"Definitive Notes" means, in relation to the 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 have not already been paid on the Global Note and a Talon). Definitive Notes will be security 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 the 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" means a day falling not less than 60 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.

INFORMATION CONCERNING THE PURCHASE OF THE ORIGINAL COLLATERAL

On the Issue Date, pursuant to the Purchase Agreement, the Issuer will acquire the Original Collateral from the Collateral Obligor, which will be registered in the name of the Custodian acting as custodian on behalf 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 Agency Agreement subject to the Security in favour of the Trustee created by the Trust Deed.

Under the Purchase Agreement, the Collateral Obligor has (i) given certain representations and warranties to the Issuer, including in respect of the Collateral Obligor's authority and capacity to issue the Collateral and that such Collateral constitutes legal, valid and binding obligations of the Collateral Obligor in accordance with their terms, and (ii) agreed to indemnify the Issuer against certain liabilities.

The Issuer has given notice to the Collateral Obligor of the assignments by way of security of the Issuer's rights under the Purchase Agreement to the Trustee and the Managers' Trustee, and the Collateral Obligor has acknowledged notice of such assignments. For a description of these assignments see "Conditions of the Notes – 5. Security" in the Conditions.

Information about the Original Collateral is set out in the Collateral Documentation set out in the Appendix to this Series Prospectus.

INFORMATION CONCERNING THE COLLATERAL OBLIGOR

Basic information about the Collateral Obligor is set out below. For further information, please refer to the Collateral Documentation set out in the Appendix to this Series Prospectus.

Collateral Obligor

Name:	Zurich Insurance Company Ltd
Address:	Mythenquai 2, CH-8002, Zurich, Switzerland
Country of Incorporation:	Switzerland
Nature of Business:	Zurich Insurance Company Ltd forms part of the ZIC Group providing insurance products and services
Name of market where securities (other than the Original Collateral) have been admitted:	Luxembourg Stock Exchange and SIX Swiss Exchange

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in the Syndication Agreement with respect to the Notes, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have jointly and severally agreed to purchase from the Issuer, the Notes.

The Joint Lead Managers will purchase the Notes at a customary discount from the price indicated on the cover of this Series Prospectus and propose initially to offer and sell the Notes at the issue price set forth on the front of this Series Prospectus. After the initial offering of the Notes, the price at which the Notes are being offered may be changed at any time without notice. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers' rights to reject any order in whole or in part.

Indemnification

The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities or to contribute to payments that the Joint Lead Managers may be required to make in respect of those liabilities.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Notes within the United States.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Notes may not, directly or indirectly, be (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to:

- (i) persons who do not form part of the "public", as that term is interpreted by the applicable regulator pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; and who are
- (ii) Qualified Investors within the meaning of Section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*).

Switzerland

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 or (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 the supervision by any Swiss regulatory authority, including FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Hong Kong

Each Joint Lead Manager has represented and agreed that it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Series Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Series Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Series Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Series Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Series Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will, to the best of its knowledge, comply in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Series Prospectus or any other offering material and neither the Issuer nor any other Joint Lead Manager shall have responsibility therefor.

GENERAL INFORMATION

- 1 The issue of the Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 19 May 2016.
- 2 The Base Prospectus is available on the website of the Irish Stock Exchange: http://www.ise.ie/debt_documents/Base%20Prospectus_b38b9fb9-b342-4b86-8ed6-50421c5c94c1.PDF?v=2912016
- 3 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code XS1418788755. The International Securities Identification Number for the Notes is 141878875 .
- 4 The Issuer does not intend to permit indirect interests in the Notes to be held through the CREST Depository Interests to be issued through the CREST Depository.
- 5 The TEFRA C exemption will be applicable to the Notes.
- 6 The Notes will not be represented by a New Global Note.
- 7 Save as discussed in the “*Subscription and Sale*” section and the risk factor entitled “Business Relationships”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.
- 8 The Notes will be subscribed for on a syndicated basis with Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and Lloyds Bank plc as Joint Lead Managers.
- 9 The Notes will be delivered against payment.
- 10 The Notes are not intended to be held in a manner which would allow Eurosystem eligibility. Whilst this is the intention as 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. 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.
- 11 The Issuer does not intend to provide post-issuance information regarding, where applicable, performance of the Original Collateral.
- 12 Any websites included in the Base Prospectus or this Series Prospectus are for information purposes only and do not form part of the Base Prospectus or this Series Prospectus.
- 13 The appointed Irish listing agent in respect of the Notes is Arthur Cox Listing Services Limited. Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Series and is not itself seeking admission of Notes to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.
- 14 The estimated net proceeds of the issue is EUR 748,882,500 and the estimated total expenses of the issue is EUR 5,391.
- 15 The Issuer is not involved in any governmental, legal or arbitration proceedings that may have, or have since its incorporation, a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.

- 16** For the life of the Series Prospectus, the Memorandum and Articles of Association of the Issuer will be available for inspection by prior appointment during usual business hours at the Specified Offices of the Paying Agents in printed form.
- 17** The Issuer has appointed Hackwood Secretaries Limited as its agent to receive, for it and on its behalf, service of process in any Proceedings in England pursuant to an appointment letter dated 20 May 2016.

**APPENDIX:
COLLATERAL DOCUMENTATION**

BASE PROSPECTUS

27 May 2015

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)

irrevocably guaranteed, in the case of Notes issued by Zurich Finance (Luxembourg) S.A.,
Zurich Finance (UK) plc and Zurich Holding Company of America, Inc. 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**”) and Zurich Insurance Company Ltd (“**ZIC**”, and together with ZF (Luxembourg), ZF (UK) and ZHCA, the “**Issuers**” and each, an “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (each as defined below). Issues of Notes under the Programme by ZF (Luxembourg), ZF (UK) and ZHCA will be guaranteed as provided herein as to payments of principal, interest and additional amounts by ZIC (the “**Guarantee**” and the “**Guarantor**” respectively).

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 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 2004/39/EC (the “**MiFID**”). 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 2) of Notes issued in registered form (“**Registered Notes**”), the Registered Notes of each Tranche (as defined on page 2) 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, Luxembourg**”). 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, Luxembourg. 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, Luxembourg. 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 “Form of the Notes and the Capital Notes” 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 “Form of the Notes and the Capital Notes”) 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 depository (the “**Common Depository**”) for Euroclear and Clearstream Luxembourg, 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, Luxembourg. 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 “Form of the Notes and the Capital Notes” 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			
Barclays	BNP PARIBAS	BofA Merrill Lynch	Citigroup
Commerzbank	Crédit Agricole CIB	Credit Suisse	Deutsche Bank
Goldman Sachs International	HSBC	J.P. Morgan	Morgan Stanley
The Royal Bank of Scotland	UBS Investment Bank		

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) and ZHCA 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) and ZHCA 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) and ZHCA 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) and ZF (Luxembourg) 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 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 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 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 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 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 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 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 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 and Japan (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 dated and undated Subordinated Notes and A for Capital 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, A3 for Capital Notes (where Trigger Event (as such term is defined in Condition 4(b) of the Terms and Conditions of the Capital Notes) is not specified as being applicable in the relevant Pricing Supplement) and Baa1 (where Trigger Event is specified as being applicable in the relevant Pricing Supplement). 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. 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	6
INFORMATION INCORPORATED BY REFERENCE	21
GENERAL DESCRIPTION OF THE PROGRAMME.....	24
FORM OF THE NOTES AND THE CAPITAL NOTES	31
TERMS AND CONDITIONS OF THE SENIOR NOTES, DATED SUBORDINATED NOTES AND UNDATED SUBORDINATED NOTES.....	34
TERMS AND CONDITIONS OF THE CAPITAL NOTES	69
USE OF PROCEEDS	107
ZURICH INSURANCE COMPANY LTD	108
ZURICH FINANCE (LUXEMBOURG) S.A.	122
ZURICH FINANCE (UK) PLC	123
ZURICH HOLDING COMPANY OF AMERICA, INC.	124
FORM OF SENIOR GUARANTEE.....	127
FORM OF SUBORDINATED GUARANTEE	132
FORM OF CAPITAL NOTES GUARANTEE.....	137
TAXATION	142
SUBSCRIPTION AND SALE	151
FORM OF PRICING SUPPLEMENT OF THE SENIOR NOTES, DATED SUBORDINATED NOTES AND UNDATED SUBORDINATED NOTES.....	154
FORM OF PRICING SUPPLEMENT OF THE CAPITAL NOTES	162
GENERAL INFORMATION.....	170

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) IN THE RELEVANT PRICING SUPPLEMENT (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVERALLOT 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, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. 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 BE ENDED 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 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 or Capital 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 or Capital 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 or Capital 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 or Capital Notes are exhaustive.

- **Factors that may affect the Issuers' ability to comply with their obligations under or in connection with Notes or Capital 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 Notes, the Capital Notes and the Guarantee (as applicable) will constitute unsecured, senior or subordinated obligations of the relevant Issuer and ZIC (as applicable), respectively, and will rank equally among themselves and equally with all other unsecured, senior or subordinated obligations of the relevant Issuer and ZIC (as applicable), respectively. The Capital Notes will constitute unsecured, subordinated obligations of ZIC or, as the case may be, ZHCA, and rank equally with any subordinated obligations of ZIC (which, for the avoidance of doubt, shall include the claims of the beneficiaries of any Capital Notes Guarantee) or, as the case may be, ZHCA, which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the Capital 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, the Capital Notes and the 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, the Capital Notes or the 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, the Capital Notes and the 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 or ZIC 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, the Capital Notes and the Guarantee (as applicable). In addition, investment in the Notes or the Capital Notes involves the risk that subsequent changes in actual or perceived creditworthiness of the relevant Issuer and ZIC (as applicable) may adversely affect the market value of the Notes or the Capital 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 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. For example, the financial problems recently experienced by certain euro-zone member states 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.

The actual or perceived failure or worsening credit risk of ZIC's and its subsidiaries' counterparties 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 will 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.

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.

The recent global financial crisis has also raised the possibility of future legislative and regulatory actions that could further impact the ZIC Group's business. The ZIC Group cannot predict whether or when such actions may occur, or what impact, if any, such actions could have on the ZIC Group's business, results of operations and financial condition.

For example, the U.S. federal government does not directly regulate the business of insurance. Federal legislation and administrative policies in several other areas can, however, significantly and adversely affect insurance companies in the U.S. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation, consumer protection and taxation. For example, in 2010 the U.S. enacted into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "**Dodd-Frank Act**"), which effects sweeping reform of the financial services industries. While the Dodd-Frank Act does not implement the federal regulation of insurance, it does establish federal measures that will impact the U.S. insurance business and pre-empt certain state insurance measures. It may then lay the foundation for ultimately establishing some form of federal regulation of insurance in the future. Although various forms of direct federal regulation of insurance have been proposed in the past, there is at present no credible proposal before Congress to regulate the business of insurance at the federal level, and it is difficult to predict that any "optional federal charter" legislation will be introduced in the coming year. Nevertheless, the experience of the financial markets and certain financial institutions in recent years increases the possibility that the U.S. federal government may seek to heighten its oversight of insurers, including possibly through a federal system of insurance regulation and/or through the expansion of the oversight responsibilities and mandates of existing or newly created regulatory bodies. The ZIC Group cannot predict whether such proposals will be adopted, or 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.

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 Notes or Capital Notes issued by ZIC or payments under the Guarantees given by ZIC for Notes or Capital 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 consist 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 Notes or Capital Notes ZIC issues, including the payment of principal and interest and (ii) obligations under the Guarantees given by ZIC for Notes or Capital 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 recognized.

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 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. 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, represents a potential 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 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 45 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. The SVP guarantee was out of the money during the years of 2014 and 2013. Therefore the fair value of the derivative liability recognised in respect of the SVPs was nil in each of the years ended 31 December 2014 and 2013.

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, and U.S. 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 Proceedings and Regulatory 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. The insurance industry is also affected by political, judicial and other legal developments which have at times in the past resulted in new or expanded theories 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 “**SPICO**”) (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen* — AVO) of 9 November 2005, as amended from time to time. Swiss insurers are required to build up sufficient risk bearing capital in order to cover their target capital under the SST since 1 January 2011. The SPICO is currently partly revised. The draft of the revised SPICO was published by the Swiss Federal Department of Finance on November 13, 2014. In its meeting on 25 March 2015 the Swiss Federal Council decided to adopt the proposed amendments to the SPICO and the final amended version of the SPICO has been published. The revised SPICO will enter into force on 1 July 2015. The main purpose of the revision is to enable the acknowledgement of the equivalency of the Swiss solvency provisions with Solvency II by the European Commission. The amendments mainly concern solvency, qualitative risk management and disclosure. The revision does not aim at enhancing capital requirements. Rather, the measurement of solvency shall be amended and optimised.

On 25 November 2009 the Directive on Solvency II (“**Solvency II**”) was adopted in the European Union. Solvency II will come into force on 1 January 2016. Solvency II aims to reflect the latest developments in prudential supervision, actuarial methods and risk management. It includes economic risk-based solvency requirements, which are more risk sensitive and more sophisticated than Solvency I. Solvency II capital requirements also consider all material risks and their interactions. As part of the risk management system, all EU/EEA insurance and reinsurance entities will be required to conduct their own risk and solvency assessment, including the assessment of the overall solvency needs reflecting their specific risk profiles. As part of the disclosure provisions, companies will have to publicly report their solvency and financial condition. As a result of these new regulations, there is a risk that the effect of the measures finally adopted and implemented could be adverse for the ZIC Group, including but not limited to potentially requiring a significant increase in the amount of capital required to support its business.

Under Solvency II, the European Commission may, after consultation with the European Insurance and Occupational Pensions Authority (“**EIOPA**”), adopt a decision on equivalence of third-country systems. EIOPA has positively assessed the equivalency of the Swiss system with Solvency II and in its final report EIOPA’s advice to the European Commission is that Switzerland largely meets the criteria set out in EIOPA’s methodology for equivalence assessments under Solvency II. The European Commission will make its decisions on equivalence in 2015. EIOPA will review its assessments at least every three years. The criteria established for such assessments may still be subject to changes and in the event of such criteria being changed or in the event of significant developments in the Swiss system, EIOPA is committed to revise its assessment as to the equivalency of the Swiss system with Solvency II.

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. In March 2010, the U.S. enacted comprehensive health care reforms including various health insurance and related provisions that will be phased in over the next several years. U.S. administrative agencies are developing specific regulations for the implementation of these provisions. The potential impact of these developments on the U.S. health and related insurance markets remains unclear. In addition, there is increasing legislative and regulatory activity in light of the recent financial crisis which may adversely impact bank and non-bank financial companies’ business activities and investment activities. These actions include, but are not limited to, the enactment of the Dodd-Frank Act, which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and requires the U.S. Securities and Exchange Commission (“**SEC**”) and other federal agencies to propose regulations that provide more stringent guidelines and oversight of bank and non-bank financial companies. The Dodd-Frank Act also established the Financial Services Oversight Council (“**FSOC**”) which is authorised to designate certain non-bank financial companies (including insurance companies) as “systemically significant” and thus subject to oversight by the Board of Governors of the Federal Reserve. The Dodd-Frank Act also established a Federal Insurance Office (“**FIO**”) and contains provisions that pre-empt certain state insurance laws. In addition, FSOC and FIO are authorised to study and monitor the insurance industry and its regulation in the U.S. and report their findings to Congress. These efforts may result in calls for a more active federal 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. For example, in 2010 the U.S. enacted into law the Dodd-Frank Act which effects sweeping reform of the financial services industries. While the Dodd-Frank Act does not implement the federal regulation of insurance, it does establish federal measures that will impact the U.S. insurance business and pre-empt certain state insurance measures. It may then lay the foundation for ultimately establishing some form of

federal regulation of insurance in the future. Other initiatives may be brought before the 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.

Recent financial and economic uncertainties have provoked a number of proposals for reform and additional regulation of financial institutions and markets from regulators, governments, groups of governments (such as the G20) and others. While these proposals address the issue of systemic risk and the perceived gaps in the regulatory framework 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 branch structures. They seek greater cooperation and information exchange between regulatory supervisors internationally and improved supervision of internationally active insurance groups. These proposals were initially focused on the banking sector but they have expanded to the insurance sector and many 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 determined.

Regarding the insurance sector, the International Association of Insurance Supervisors (the "IAIS"), pursuant to the mandate given to IAIS by the Financial Stability Board (the "FSB"), in July 2013 published the methodology used to identify systemically relevant insurers as well as policy measures to be applied to them. The initial list of globally systemically important insurers ("G-SII"s) was published in July 2013 and included nine insurers. A review of the list based on the criteria took place and the FSB announced in November 2014 that the list would remain unchanged. Furthermore, it was communicated that the assessment methodology will be reviewed and the revised methodology will be applied starting in 2016. The designation list will continue to be reviewed and, if necessary, updated on an annual basis. So far the Zurich Insurance Group has not been designated as a G-SII and it is unclear as to whether the Zurich Insurance Group would be labelled as a G-SII by the FSB. The associated policy measures include enhanced supervision by the national supervisor, the need to engage in recovery and resolution planning and the application of higher loss absorption measures (i.e., capital) to systemically relevant activities. In addition, the IAIS is working on a project to introduce a common framework for the supervision of internationally active insurance groups – regardless of their status as G-SIIs – that will include a three component insurance capital standard. The first two – basic capital requirement and high level absorbency – will apply solely to G-SIIs. The third – insurance capital standard – will be applicable to internationally active insurance groups if adopted by the respective national (and state) supervisor.

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 proposed U.S. tax legislation.

In 2014, the former Chairman Camp of the Ways and Means Committee of the U.S. House of Representatives introduced proposed tax reform legislation, which included a proposal to disallow deductions for certain reinsurance premiums paid by U.S. property and casualty insurance companies to non-U.S. affiliates of those companies. The proposal is similar to earlier measures introduced in the U.S. House of Representatives in prior years by Representative Neal and separately, in the U.S. Senate by Senator Mendez. President Obama's Fiscal Year 2016 Revenue Proposals also included a similar proposal. If enacted in any of its present forms, the measure could adversely affect the Zurich Insurance Group and certain of its affiliates by increasing materially their U.S. tax liability. In addition, if the measure were enacted it may be necessary for the Zurich Insurance Group and certain of

its affiliates to take steps to alter the manner in which they conduct their business. Whether the measure will be enacted in any of its present forms or in another form cannot be predicted. Moreover, until the terms of any final measure are known, the impact on the Zurich Insurance Group and certain of its affiliates of the measure and any business restructuring in response to such a measure cannot be evaluated.

The U.S. Congress has also considered, from time to time, other possible changes to U.S. tax laws, including elimination of the tax deferral on the accretion of value within certain annuities and life insurance products. Such a change would make these products less attractive to prospective purchasers and therefore would be likely to reduce Zurich Insurance Group's sales of these products. Federal and state tax legislation in the U.S. could be enacted that would 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 2017, 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 2017, 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 2016 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) or ZIC on Notes or Capital Notes after 31 December 2016 to persons failing to meet certain FATCA reporting or certification requirements may be treated as "pass-thru payments" subject to U.S. withholding tax, for a Note or Capital 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 or, if the Note or Capital Note is treated as equity for U.S. tax purposes, whenever issued.

Under the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and the Terms and Conditions of the Capital Notes, no Additional Amounts are due with respect to a tax imposed under the FATCA rules. Holders of Notes and Capital Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes and the Capital 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 structure of a particular issue of Notes and Capital Notes**

Set out below is a description of the most common risk factors related to the Notes or the Capital Notes:

Notes and Capital Notes may not be a suitable investment for all investors

A range of different Notes and Capital Notes may be issued under the Programme. A number of these Notes and Capital Notes may have features which contain particular risks for potential investors. Each potential investor in any Notes and Capital 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 and Capital Notes, the merits and risks of investing in the relevant Notes and Capital 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 Capital 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 and Capital Notes, including 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 Capital 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.

Notes or Capital 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 do prices for conventional interest-bearing securities.

The Issuers' obligations under Subordinated Notes are subordinated

The obligations of the relevant Issuer under Subordinated Notes will rank junior in priority of payment to the claims of Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes). Furthermore, the relevant Issuer shall, if so specified in the Pricing Supplement, have the option to defer payments of interest on Subordinated Notes when such interest has accrued in respect of an Interest Period which ends on an Optional Interest Payment Date (as such term is defined in Condition 4(d) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes) and shall, if so specified in the Pricing Supplement, also be required to defer payment of interest on Subordinated Notes if a "Solvency Event" (as such term is defined in Condition 4 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes) has occurred and is continuing. Certain Arrears of Interest may only be payable on Subordinated Notes following the prior written approval of the Swiss Financial Market Supervisory Authority ("FINMA") or any Successor Authority as more fully set out in Condition 4 (d) (iii) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes.

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

The relevant Issuer's obligations in respect of Dated Subordinated Notes and Dated Capital Notes to repay the Final Redemption Amount on the Maturity Date may be extended indefinitely

If the Maturity Date of a Dated Subordinated Note or Dated Capital Note occurs when a "Solvency Event" (as defined in Condition 4 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and in Condition 4 of the Terms and Conditions of the Capital Notes) has occurred and is continuing, then such Maturity Date will, if so specified in the applicable Pricing Supplement, be extended until such event no longer exists, unless prior approval by FINMA or any Successor Authority is given for repayment.

The Senior ZIC Guarantee, the Subordinated ZIC Guarantee and the Capital Notes Guarantee are limited to the Guarantee Amount

The maximum liability of the Guarantor under the Senior ZIC Guarantee, the Subordinated ZIC Guarantee and the Capital Notes Guarantee shall not exceed in aggregate the Guarantee Amount as defined in the relevant Guarantee.

Notes or Capital Notes Redeemable at the relevant Issuer's Option

Notes or Capital Notes which are redeemable at the option of the relevant Issuer (because of the inclusion of a call option in the applicable Pricing Supplement, for tax related reasons or as a result of the occurrence of an Accounting Event (in relation to Subordinated Notes and Capital Notes), a Capital Event (in relation to Subordinated Notes and Capital Notes) or a Regulatory Event (in relation to Subordinated Notes and Capital Notes) provided in the Pricing Supplement or for other specified reasons) may be redeemed at times when prevailing interest rates may be lower than the rate borne by such Notes or Capital Notes. As a result, the holders of such Notes or Capital Notes may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as that of the relevant Notes or Capital Notes. In addition, the relevant Issuer's ability to redeem such Notes or Capital Notes at its option is likely to affect the market value of such Notes or Capital Notes. In particular, as the redemption date approaches, the market value of such Notes generally will not rise substantially above the redemption price because of the optional redemption feature. Subordinated Notes and Capital Notes contain provisions which allow the Issuer to substitute or vary the terms of such security for Qualifying Securities upon the occurrence of a Capital Event, an Accounting Event, a Regulatory Event or for tax related reasons as applicable.

Fixed/Floating Rate Notes or Capital Notes

Notes or Capital 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 or Capital Notes. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes or Capital Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes or Capital 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 or Capital 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 or Capital Notes.

- **Additional risks related specifically to Capital Notes**

Obligations under the Capital Notes are deeply subordinated

In the case where the relevant Issuer of Capital Notes is ZIC, the rights and claims of the holders of the Capital Notes will be subordinated to the claims of all ZIC Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Capital Notes), in that the claims of the holders of Capital Notes rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against ZIC, (i) after the claims of any ZIC Senior Creditors, (ii) *pari passu* with the claims of the holders of any subordinated obligations of ZIC which rank or are expressed to rank *pari passu* with the claims of the Noteholders (which, for the avoidance of doubt, shall include the claims of the beneficiaries of any Capital Notes Guarantee) and (iii) prior to the claims of the holders of all classes of issued shares in the share capital of ZIC.

Furthermore, the claims of holders of Capital Notes and relative Coupons issued by ZIC rank, save as otherwise specified in the applicable Pricing Supplement, on a voluntary or involuntary insolvency, winding up, liquidation, dissolution or other similar proceedings of or against ZIC, junior to the claims of holders of any ZIC Subordinated Guarantee.

In the case where the relevant Issuer of Capital Notes is ZHCA, the rights and claims of the holders of the Capital Notes will be subordinated to the claims of all ZHCA Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Capital Notes), in that the claims of the holders of Capital Notes rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against ZHCA, (i) after the claims of any ZHCA Senior Creditors, (ii) *pari passu* with the claims of the holders of any subordinated obligations of ZHCA which rank or are expressed to rank *pari passu* with the claims of the Noteholders and (iii) prior to the claims of the holders of all classes of issued shares in the share capital of ZHCA.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against ZIC or, as the case may be, ZHCA, there shall be payable on each Capital Note, subject to the subordination provisions set out above, an amount equal to the principal amount of each Capital Note with, unless otherwise specified in the applicable Pricing Supplement, unpaid Deferred Interest (as defined in the Terms and Conditions of the Capital Notes) (if applicable) and interest which has accrued up to, but excluding, the date of repayment. Although the Capital Notes may pay a higher rate of interest than comparable Notes which are unsubordinated or which are subordinated but not as deeply subordinated as the Capital Notes, there is a significant risk that an investor in Capital Notes will lose all or some of its investment should ZIC or, as the case may be, ZHCA, become insolvent.

Deferral or Cancellation of Interest

- (A) If a Solvency Event has occurred and is continuing as at the relevant Determination Date (as defined in the Terms and Conditions of the Capital Notes), then, in relation to any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date, the relevant Issuer shall (if the applicable Pricing Supplement specifies a Solvency Event as being applicable and the Capital Note as being Cumulative in relation to a Solvency Event) defer or, (if the applicable Pricing Supplement specifies a Solvency Event as being applicable and the Capital Note as being Non-Cumulative in relation to a Solvency Event) cancel, any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date and shall defer or, as applicable, cancel the relevant Solvency Shortfall (as defined in the Terms and Conditions of the Capital Notes) if, were the relevant Issuer to make payment of the relevant Interest Payment, a Solvency Event would, as at the date of such payment, occur, in any such case except that the relevant Issuer will not be required to defer or, as applicable, cancel such Interest Payment or Solvency Shortfall, as the case may be, if FINMA or any Successor Authority applicable at the time has consented to such payment.
- (B) If the applicable Pricing Supplement specifies a Trigger Event as being applicable and a Trigger Event has occurred and is continuing as at the relevant Determination Date, then, in relation to any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date, ZIC or, as the case may be, ZHCA, shall cancel the amount by which such Interest Payment exceeds the New Capital Amount per Capital Note outstanding at such time.

If the applicable Pricing Supplement so provides, ZIC or, as the case may be, ZHCA, may also elect to (if the applicable Pricing Supplement specifies the Capital Note as being Cumulative with respect to such payment) defer or (if the applicable Pricing Supplement specifies the Capital Note as being Non-Cumulative with respect to such payment) cancel, in whole or in part, any Interest Payment which is otherwise scheduled to be paid on an Optional Interest Payment Date by giving notice of such election to the Trustee, the Agent and the holders of the Capital Notes in accordance with Condition 14 of the Terms and Conditions of the Capital Notes.

In the case where a payment is specified as aforesaid as being Cumulative and the applicable Pricing Supplement specifies that Cash Settlement is applicable, ZIC or, as the case may be, ZHCA, may elect at any time to pay in cash in whole or in part any Deferred Interest. However, any outstanding Deferred Interest will become immediately due and payable in cash in full (or in the case where limb (iv) of the definition of APM Deferred Settlement Date (as defined in the Terms and Conditions of the Capital Notes) is specified as applying as part of the definition of Cash Deferred Settlement Date, on a proportionate basis) upon the Cash Deferred Settlement Date (as defined in the Terms and Conditions of the Capital Notes).

Notwithstanding the foregoing, Deferred Interest shall only be due and payable if at the relevant time the prior written approval of FINMA or any Successor Authority to such payment has been given (if such approval is required under Applicable Regulations at the relevant time).

In the case where a payment is specified as aforesaid as being Cumulative and the applicable Pricing Supplement specifies that APM Settlement is applicable or, as the case may be, applicable to Relevant Solvency Deferred Interest only, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG may elect at any time to use their commercially reasonable efforts to satisfy in whole or in part any Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, utilising the APM (as defined in Condition 4(e) of the Capital Notes) and the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall use their commercially reasonable efforts to apply the APM to satisfy all (or, in the case where limb (iv) of the definition of APM Deferred Settlement Date applies, on a proportionate basis) of the outstanding Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, upon the APM Deferred Settlement Date.

Notwithstanding the foregoing, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG will only be obliged to use their commercially reasonable efforts to satisfy any Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, as aforesaid if at the relevant time the prior written approval of FINMA or any Successor Authority to such payment has been given.

Once the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG have become obliged to use their respective commercially reasonable efforts to operate the APM to settle any Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG must continue to use their respective commercially reasonable efforts to raise sufficient proceeds from the operation of the APM for certain specified time periods following the relevant APM Deferred Settlement Date to the extent permitted under prevailing applicable regulatory criteria governing the Capital Notes. If, and to the extent that the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and/or ZIG have not issued Qualifying APM Securities within such time period outlined above, the obligation of ZIC or, as the case may be, ZHCA, with respect to such Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, will be cancelled. In any case, Deferred Interest or, as the case may be, Relevant Solvency Deferred Interest, that has not been settled within the period of time specified in the Pricing Supplement of any deferral will be cancelled.

Use of the APM to satisfy Deferred Interest may be subject to restrictions

Upon ZIC, ZHCA and/or ZIG becoming obliged to use their commercially reasonable efforts to settle Deferred Interest using the APM pursuant to Condition 4(e), ZIC, ZHCA and/or ZIG will use their commercially reasonable efforts to satisfy such Deferred

Interest by way of Ordinary Share Settlement (as determined in the Terms and Conditions of the Capital Notes).

Subject as provided in Condition 4(e) of the Terms and Conditions of the Capital Notes, ZIC, ZHCA and/or ZIG may only utilise the Ordinary Share Settlement to the extent that the number of Payment Shares (as defined in the Terms and Conditions of the Capital Notes) used for the purpose of the APM in any 12-month period does not exceed 2 per cent of ZIG's outstanding share capital.

Perpetual Securities

Neither ZIC nor ZHCA are under any obligation to redeem the Undated Capital Notes at any time and the holders of Undated Capital Notes have no right to call for their redemption. Redemption of Dated Capital Notes on their Maturity Date is subject to no Solvency Event occurring on the Maturity Date, as more fully explained in Condition 7(a) of the Terms and Conditions of the Capital Notes.

Redemption, Exchange Risk and Substitution

The Capital Notes may, subject as provided in Condition 7 of the Capital Notes, be redeemed by ZIC or, as the case may be, ZHCA, at their Optional Redemption Amount together with any interest accrued to (but excluding) the relevant Optional Redemption Date and, if the Capital Notes are expressed to be Cumulative with respect to such payment (but not otherwise) any Deferred Interest which will be satisfied by operation of Condition 4(e) of the Terms and Conditions of the Capital Notes. In addition, the Capital Notes may be redeemed (i) for tax reasons or, if so specified in the applicable Pricing Supplement, (ii) upon the occurrence of any of an Accounting Event, a Capital Event or a Regulatory Event prior to the first Optional Redemption Date in whole but not in part at any time. Upon the occurrence of the events in either of (i) or, if so specified in the applicable Pricing Supplement, (ii) above, the Capital Notes may be substituted for, or their terms varied so that they remain, Qualifying Securities.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities which ZIC, ZHCA or any other member of the Zurich Insurance Group may issue and which may rank senior to, or *pari passu* with, the respective Capital Notes. The issue of any such securities may reduce the amount recoverable by holders of Capital Notes on a winding-up of ZIC or, as the case may be, ZHCA, and/or may increase the likelihood of a deferral of payments under the Capital Notes.

- **Risks related to the market generally**

An active trading market may not develop for the Notes or Capital Notes

The Notes or Capital 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 or Capital Notes could trade at prices which may be higher or lower than the initial offering price. Notes or Capital 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 or Capital Notes, there may be few or no investors willing to buy the Notes or Capital Notes.

Exchange rates and exchange controls

Notes or Capital 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 or Capital Note is denominated would result in a decrease in the effective yield of such Note or Capital 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 or Capital Note.

Interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes or Capital 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 or Capital 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 or Capital Notes

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

- **Risks related to the Notes or Capital Notes generally**

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

Modification

The conditions of the Notes and the Capital Notes contain provisions for calling meetings of holders of Notes and Capital Notes to consider matters affecting their interests generally, including the modification of certain terms and conditions of the Notes. These provisions permit defined majorities to bind all holders of Notes and Capital Notes including holders of Notes and Capital Notes who did not attend or vote at the relevant meeting and holders of Notes and Capital Notes who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the “**EU Savings Directive**”) on the taxation of savings income, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria is required (unless during such period it elects otherwise) to apply a withholding system in relation to such payments, deducting tax at the rate of 35 per cent pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such Directive. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. Luxembourg, which before 1 January 2015 also operated a withholding tax under the transitional rules, has now replaced such withholding tax with the information reporting regime described above.

Also a number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures to the EU Savings Directive (either provision of information or transitional withholding and in the case of Switzerland, a withholding system with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding) in relation to payments made by a person established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made or collected through an EU Member State, or a non-EU country or territory, which has opted for a withholding system, including Switzerland, and an amount of, or in respect of, tax were to be withheld from that payment then, in accordance with Condition 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 8 of the Terms and Conditions of the Capital Notes, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note or Capital Note as a result of the imposition of such withholding tax. The relevant Issuer and the Guarantor undertake at Condition 11 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 12 of the Terms and Conditions of the Capital Notes that they will ensure that they maintain a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent.

However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

The European Council formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the “Amending Directive”). The Amending Directive amends and broadens the scope of the requirements described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive, which legislation must apply from 1 January 2017. The changes made under the Amending Directive include expanding the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The European Commission has published a proposal for a Council Directive repealing the EU Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to on-going requirements to fulfil administrative obligations such as

the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Directive.

Switzerland and the European Commission have commenced negotiations on certain amendments to the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004 providing for measures equivalent to those laid down in the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements discussed above.

Investors should inform themselves of, and where appropriate take advice on, the impact of the EU Savings Directive, as amended, on their investment.

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

Although the terms of the Notes and the Capital 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 or, in the case of Capital Notes, 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.

Proposed Amendment of the Swiss Withholding Tax Act

On 17 December 2014, the Swiss Federal Council issued draft legislation, which, if enacted, 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 or a Capital Note (including, as the case may be, payment under the Guarantee) to a beneficiary resident in Switzerland (subject to certain exceptions). 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 Conditions, be obliged to pay additional amounts with respect to any Note or a Capital Note, or interest at a recalculated rate in respect of a Capital Note, as a result of the deduction or imposition of such withholding tax.

Final Foreign Withholding Taxes in Switzerland

On 1 January 2013, treaties on final withholding taxes of Switzerland with the United Kingdom and Austria entered into force (each a “**Contracting State**”). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax (*Abgeltungssteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets, including the Notes or the Capital Notes or the Guarantee, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident in a Contracting State. The flat-rate tax withheld substitutes the ordinary income tax on the respective capital gains and income items, in the Contracting State where the individual is tax resident. In order to avoid the withholding of the flat-rate tax by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. Switzerland may conclude similar treaties with other European countries. If an amount of, or in respect of, such final withholding tax were to be deducted or withheld from a payment, neither the relevant Issuer, nor the Guarantor nor a paying agent nor any other person would pursuant to the Terms and Conditions of the Notes or the Capital Notes or the Guarantee be obliged to pay additional amounts with respect to any Notes or Capital Note, or interest at a recalculated rate in respect of a Capital Note, as a result of the deduction or imposition of such final withholding tax.

The proposed financial transaction tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the current European Commission 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 financial instruments 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Applicable Law

The conditions of the Notes and the Capital 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 will be governed by the law of the jurisdiction of incorporation of the Issuer of such Subordinated Notes and the provisions relating to subordination in the Capital Notes will be governed by the laws of Switzerland. The Guarantees by ZIC are governed by Swiss law and accordingly any dispute arising out of the Guarantees 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 Swiss law or administrative practice, respectively, after the date of this Base Prospectus.

Denomination (secondary trading)

Although Notes or Capital 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 or Capital 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 or Capital 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 or Capital 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.

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), 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 2014 and 2013 (the consolidated income statements being set out on page 43 and page 55 respectively, of its 2014 and 2013 annual reports; the consolidated statements of comprehensive income being set out on pages 44 to 45 and 56 to 57 respectively, of its 2014 and 2013 annual reports; the consolidated balance sheets being set out on pages 46 to 47 and 58 to 59 respectively, of its 2014 and 2013 annual reports; the consolidated statements of cash flows being set out on pages 48 to 49 and 60 to 61 respectively, of its 2014 and 2013 annual reports; the consolidated statements of changes in equity being set out on pages 50 to 51 and 62 to 63 respectively, of its 2014 and 2013 annual reports; the notes to the financial statements being set out on pages 52 to 140 and 64 to 163 respectively, of its 2014 and 2013 annual reports; the auditors' report being set out on pages 142 to 143 and 164 to 165 respectively, of its 2014 and 2013 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 2014 and 2013 (the income statements being set out on page 146 and 169 respectively, of the 2014 and 2013 annual reports; the balance sheets being set out on pages 148 to 149 and 170 to 171 respectively, of the 2014 and 2013 annual reports; the notes to the financial statements being set out on pages 150 to 161 and 172 to 183 respectively, of the 2014 and 2013 annual reports; and the auditors' report being set out on pages 162 to 163 and 184 to 185 respectively, of the 2014 and 2013 annual reports);
- (b) the audited financial statements (including the auditors' report thereon and notes thereto) of ZF (UK) in respect of the years ended 2014 and 2013 (the auditors' report being set out on pages 4 to 5 of each of its 2014 and 2013 annual reports; the profit and loss accounts being set out on page 6 of each of its 2014 and 2013 annual reports; the balance sheets being set out on page 7 of each of its 2014 and 2013 annual reports; and the notes to the financial statements being set out on pages 8 to 15 of each of the 2014 and 2013 annual reports);
- (c) the audited financial statements (including the auditors' report thereon and notes thereto) of ZF (Luxembourg) in respect of the years ended 2014 and 2013 (the auditors' report being set out on pages 4 to 5 of each of its 2014 and 2013 annual reports; the balance sheets being set out on pages 6 to 11 and 6 to 10 respectively, of its 2014 and 2013 annual reports; the profit and loss accounts being set out on pages 12 to 14 and 11 to 13 respectively, of its 2014 and 2013 annual reports; and the notes to the financial statements being set out on pages 15 to 22 and 14 to 22 respectively, of its 2014 and 2013 annual reports);
- (d) the unaudited consolidated financial statements of ZHCA in respect of the years ended 2014 and 2013; the unaudited consolidated balance sheets being set out on page 2 of its 2014 and 2013 unaudited consolidated financial statements; the unaudited consolidated income statements being set out on page 3 of its 2014 and 2013 unaudited consolidated financial statements; and the unaudited consolidated statements of equity being set out on page 4 of its 2014 and 2013 unaudited consolidated financial statements;
- (e) the terms and conditions set out on pages 32 to 67 (inclusive) and 68 to 102 (inclusive) of the base prospectus dated 15 May 2012 that was published in connection with the Programme under the headings "Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes" and "Terms and Conditions of the Capital Notes" respectively;
- (f) the terms and conditions set out on pages 31 to 62 (inclusive) and 63 to 96 (inclusive) of the base prospectus dated 17 May 2013 that was published in connection with the Programme under the headings "Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes" and "Terms and Conditions of the Capital Notes" respectively; and
- (g) the terms and conditions set out on pages 31 to 62 (inclusive) and 63 to 96 (inclusive) of the base prospectus dated 19 May 2014 that was published in connection with the Programme under the headings "Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes" and "Terms and Conditions of the Capital Notes" respectively.

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) and ZF (Luxembourg), together with the respective auditors' reports thereon and the notes thereto (if applicable); (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.

Information	Source
Information incorporated by reference of the ZIC Group	
Consolidated Income Statement for the year ended 31 December 2014	2014 Annual Report page 43
Consolidated Income Statement for the year ended 31 December 2013	2013 Annual Report page 55
Consolidated Statements of Comprehensive Income for the year ended 31 December 2014.....	2014 Annual Report pages 44-45
Consolidated Statements of Comprehensive Income for the year ended 31 December 2013.....	2013 Annual Report pages 56-57
Consolidated Balance Sheet as at 31 December 2014.....	2014 Annual Report pages 46-47
Consolidated Balance Sheet as at 31 December 2013.....	2013 Annual Report pages 58-59
Consolidated Statement of Cash Flows for the year ended 31 December 2014.....	2014 Annual Report pages 48-49
Consolidated Statement of Cash Flows for the year ended 31 December 2013.....	2013 Annual Report pages 60-61
Consolidated Statement of Changes in Equity for the year ended 31 December 2014.....	2014 Annual Report pages 50-51
Consolidated Statement of Changes in Equity for the year ended 31 December 2013.....	2013 Annual Report pages 62-63
Notes to the financial statements for the year ended 31 December 2014	2014 Annual Report pages 52-140
Notes to the financial statements for the year ended 31 December 2013	2013 Annual Report pages 64-163
Auditor’s report for the year ended 31 December 2014.....	2013 Annual Report pages 142-143
Auditor’s report for the year ended 31 December 2013.....	2013 Annual Report pages 164-165
Information incorporated by reference of Zurich Insurance Company Ltd	
Income Statement for the year ended 31 December 2014	2014 Annual Report page 146
Income Statement for the year ended 31 December 2013	2013 Annual Report page 169
Balance Sheet as at 31 December 2014.....	2014 Annual Report pages 148-149
Balance Sheet as at 31 December 2013.....	2013 Annual Report pages 170-171
Notes to the financial statements for the year ended 31 December 2014	2014 Annual Report pages 150-161
Notes to the financial statements for the year ended 31 December 2013	2013 Annual Report pages 172-183
Auditor’s report for the year ended 31 December 2014.....	2014 Annual Report pages 162-163
Auditor’s report for the year ended 31 December 2013.....	2013 Annual Report pages 184-185
Information incorporated by reference of Zurich Finance (UK) plc	
Auditor’s report for the year ended 31 December 2014.....	2014 Annual Report pages 4-5
Auditor’s report for the year ended 31 December 2013.....	2013 Annual Report pages 4-5
Profit and Loss Accounts for the year ended 31 December 2014	2014 Annual Report page 6
Profit and Loss Accounts for the year ended 31 December 2013	2013 Annual Report page 6
Balance Sheet as at 31 December 2014.....	2014 Annual Report page 7
Balance Sheet as at 31 December 2013.....	2013 Annual Report page 7
Notes to the financial statements for the year ended 31 December 2014	2014 Annual Report pages 8-15
Notes to the financial statements for the year ended 31 December 2013	2013 Annual Report pages 8-15

Information incorporated by reference of Zurich Finance (Luxembourg) S.A.	
Auditor's report for the year ended 31 December 2014.....	2014 Annual Report pages 4-5
Auditor's report for the year ended 31 December 2013.....	2013 Annual Report pages 4-5
Balance Sheet as at 31 December 2014.....	2014 Annual Report pages 6-11
Balance Sheet as at 31 December 2013.....	2013 Annual Report pages 6-10
Profit and Loss Accounts for the year ended 31 December 2014	2014 Annual Report pages 12-14
Profit and Loss Accounts for the year ended 31 December 2013	2013 Annual Report pages 11-13
Notes to the financial statements for the year ended 31 December 2014	2014 Annual Report pages 15-22
Notes to the financial statements for the year ended 31 December 2013	2013 Annual Report pages 14-22

Information incorporated by reference of Zurich Holding Company of America, Inc.	
Unaudited Consolidated Balance Sheet as at 31 December 2014	2014 and 2013 Unaudited Consolidated Financial Statements page 2
Unaudited Consolidated Balance Sheet as at 31 December 2013	2014 and 2013 Unaudited Consolidated Financial Statements page 2
Unaudited Consolidated Income Statement for the year ended 31 December 2014	2014 and 2013 Unaudited Consolidated Financial Statements page 3
Unaudited Consolidated Income Statement for the year ended 31 December 2013	2014 and 2013 Unaudited Consolidated Financial Statements page 3
Unaudited Consolidated Statements of Equity for the year ended 31 December 2014	2014 and 2013 Unaudited Consolidated Financial Statements page 4
Unaudited Consolidated Statements of Equity for the year ended 31 December 2013	2014 and 2013 Unaudited Consolidated Financial Statements page 4

Information incorporated by reference from 2012 Zurich EMTN Base Prospectus	
Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes	2012 Zurich EMTN Base Prospectus pages 32-67
Terms and Conditions of the Capital Notes	2012 Zurich EMTN Base Prospectus pages 68-102

Information incorporated by reference from 2013 Zurich EMTN Base Prospectus	
Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes	2013 Zurich EMTN Base Prospectus pages 31-62
Terms and Conditions of the Capital Notes	2013 Zurich EMTN Base Prospectus pages 63-96

Information incorporated by reference from 2014 Zurich EMTN Base Prospectus	
Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes	2014 Zurich EMTN Base Prospectus pages 31-62
Terms and Conditions of the Capital Notes	2014 Zurich EMTN Base Prospectus pages 63-96

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 27 May 2015. 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, Dated Subordinated Notes and Undated Subordinated Notes*” or “*Terms and Conditions of the Capital 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, Dated Subordinated Notes and Undated Subordinated Notes*” or “*Terms and Conditions of the Capital 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, Dated Subordinated Notes and Undated Subordinated Notes or, as the case may be, the Terms and Conditions of the Capital Notes.

Dealers:

Barclays Bank PLC
BNP PARIBAS
Citigroup Global Markets Limited
Commerzbank Aktiengesellschaft
Crédit Agricole Corporate and Investment Bank
Credit Suisse Securities (Europe) Limited
Deutsche Bank AG, London Branch
Goldman Sachs International
HSBC Bank plc
J.P. Morgan Securities plc
Merrill Lynch International
Morgan Stanley & Co. International plc
The Royal Bank of Scotland plc
UBS Limited

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 Undated Subordinated Notes (subject as aforesaid) without a specified maturity. ZIC may issue Capital Notes 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 as described in “Form of the Notes and the Capital Notes” below. 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, Luxembourg 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, Luxembourg. Subordinated Notes and Capital 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.

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 (as indicated in the applicable Pricing Supplement) and on redemption. Fixed Rate Notes may include Notes which pay interest by reference to a Specified Mid Swap Rate.

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, 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 for each Series of Floating Rate Notes and specified in the applicable Pricing Supplement.

Other provisions in relation to Floating Rate Notes:

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both (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:

Interest shall be payable on 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 optional deferral of interest payments or Solvency Deferral set out under Condition 4 of the Terms and

Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes.

Special provisions in relation to interest payable under Capital Notes:

Interest shall be payable on the Capital 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 optional or mandatory deferral or, as applicable, cancellation of interest payments set out in Condition 4 of the Terms and Conditions of the Capital Notes.

ZIC or, as the case may be, ZHCA shall (if the applicable Pricing Supplement specifies the Capital Note as being Cumulative with respect to such payment) defer or (if the applicable Pricing Supplement specifies the Capital Note as being Non-Cumulative with respect to such payment) cancel any Interest Payment (or relevant part thereof as described herein) on the Capital Notes if a Solvency Event is specified in the applicable Pricing Supplement as applicable and has occurred and is continuing.

ZIC or, as the case may be, ZHCA shall also cancel any Interest Payment (or relevant part thereof as described herein) on the Capital Notes if a Trigger Event is specified in the applicable Pricing Supplement as applicable and has occurred and is continuing.

In addition, ZIC or, as the case may be, ZHCA may elect (if the applicable Pricing Supplement provides for such election and specifies the Capital Note as being Cumulative with respect to such payment) to defer or (if the applicable Pricing Supplement provides for such election and specifies the Capital Note as being Non-Cumulative with respect to such payment) to cancel such Interest Payment on the Capital Notes by giving notice of such election to the Trustee, the Agent and the Noteholders in accordance with the Terms and Conditions of the Capital Notes.

If an Interest Payment has not been paid in full by reason of any of the above then, in the case of Capital Notes specified as Cumulative with respect to such interest payment, for so long as such payment remains unpaid and, in the case of Capital Notes specified as Non-Cumulative with respect to such interest payment, until the next payment of an Interest Payment in full, (if the applicable Pricing Supplement so provides), ZIC or, as the case may be, ZHCA, ZIG and their subsidiaries will be subject to the restrictions on making certain payments described in Condition 4(d) of the Terms and Conditions of the Capital Notes.

Settlement of Deferred Interest — Capital Notes:

The relevant Issuer may, if the applicable Pricing Supplement specifies that Cash Settlement is applicable, elect to pay in cash in whole or in part any Deferred Interest pursuant to Condition 4(e). The relevant Issuer and ZIG may elect, and shall in specified circumstances be required, to settle Deferred Interest utilising the APM in accordance with Condition 4(e) of the Terms and Conditions of the Capital Notes.

Redemption of the Senior Notes and Subordinated Notes:

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior (in the case of Senior Notes and Dated Subordinated Notes) to their stated maturity or that such Notes and Undated Subordinated Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving the notice required by the applicable Pricing Supplement to the Noteholders or the relevant Issuer as the case may be, on a date or dates specified, at a price or prices and on such terms as are indicated in the applicable Pricing Supplement and, where applicable pursuant to Condition 6 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes in the case of Subordinated Notes, having obtained the prior written approval of FINMA or any successor Authority for such payment. Furthermore, Subordinated Notes may be redeemed (i) for taxation reasons or (ii) if so specified in the applicable Pricing Supplement, if an Accounting Event, a Capital Event or a Regulatory 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 for, or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Securities.

The Optional Redemption Amount payable in respect of any Note of the Specified Denomination on any Optional Redemption Date and, except in the case of Undated Subordinated Notes, the Final Redemption Amount payable in respect of any Note of the Specified Denomination on any Maturity Date (subject 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.

Redemption of the Capital Notes:

The Capital Notes are either Dated Capital Notes or Undated Capital Notes. Undated Capital Notes are perpetual securities in respect of which there is no fixed maturity date and they are redeemable or repayable only in accordance with the provisions of Conditions 7 and 10 of the Terms and Conditions of the Capital Notes. In all cases, ZIC or, as the case may be, ZHCA may only redeem, substitute or vary the Capital Notes if FINMA has given and has not subsequently withdrawn its consent to the redemption, substitution or variation as appropriate, to the extent that such consent is required. The Dated Capital Notes may be redeemed upon maturity provided that, if so specified in the applicable Pricing Supplement, if a Solvency Event has occurred and is continuing on the Maturity Date or would occur as a result of the relevant redemption, the Dated Capital Notes shall not be redeemed, unless the prior written approval of FINMA or any Successor Authority for such payment has been given. Furthermore, the Capital Notes may be redeemed (i) for taxation reasons or (ii), if so specified in the applicable Pricing Supplement, on the occurrence of any of an Accounting Event, a Capital Event or a Regulatory Event pursuant to Condition 7 of the Terms and Conditions of the Capital Notes.

Upon the occurrence of any of the events described in (i) or, if so specified in the applicable Pricing Supplement, (ii) above, ZIC or, as the case may be, ZHCA may at any time either substitute all (but not some only) of the Capital Notes for, or vary the terms of the Capital Notes so that they remain or, as appropriate, become, Qualifying Securities.

The Capital Notes may also be redeemed by the Issuer on any Optional Redemption Date in whole or in part at the Optional Redemption Amounts specified in the applicable Pricing Supplement, in accordance with Condition 7(d) of the Terms and Conditions of the Capital Notes.

The Optional Redemption Amount payable in respect of any Note of the Specified Denomination on any Optional Redemption Date and, in the case of Dated Capital Notes, the Final Redemption Amount payable in respect of any Note of the Specified Denomination upon the Maturity Date of such Dated Capital Notes (subject 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.

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, ZIC or by any entity to whose group ZF (Luxembourg), ZF (UK), ZHCA 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.

Taxation:

See Condition 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 8 of the Terms and Conditions of the Capital Notes and “Relevant Jurisdiction” definition in Condition 6(c) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 7(b) of the Terms and Conditions of the Capital Notes.

All payments on Notes issued by each of ZF (Luxembourg), ZF (UK) and ZHCA 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 required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) unless such withholding is required by law, intergovernmental agreement, an agreement described in Section 1471(b) of the Code and/or by agreement of the relevant Issuer or the Guarantor. Subject to a number of exceptions set out in Condition 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 8 of the Terms and Conditions of the Capital 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 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 8 of the Terms and Conditions of the Capital Notes, save in the case of Restricted Capital Notes and 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 Capital Notes and Condition 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes.

Negative Pledge:

The terms of the Senior Notes issued by ZF (Luxembourg), ZF (UK) and ZHCA will contain a negative pledge provision as further described in Condition 3(c) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated 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(a)(iii) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes.

Status of the Notes:

Notes issued under the Programme may either be senior notes (“**Senior Notes**”), dated subordinated notes (“**Dated Subordinated Notes**”) or undated subordinated notes (“**Undated Subordinated Notes**”, together with Dated Subordinated Notes, “**Subordinated Notes**”) or, in the case of Notes issued by ZIC or ZHCA, Capital Notes (the “**Capital Notes**”). The status of any such Subordinated Notes or Capital Notes will be described in Condition 2 of the relevant Conditions and the applicable Pricing Supplement.

Senior Notes:

The Senior Notes will constitute direct, unconditional, unsubordinated and, subject to the provision of Condition 3(c) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, unsecured obligations of the relevant Issuer and (subject as aforesaid) will rank *pari passu*, without any preference among themselves save for statutory preferred exceptions, with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

Subordinated Notes:

The Subordinated Notes will rank as set out in the applicable provisions of Condition 2 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, as specified in the applicable Pricing Supplement.

Capital Notes:

The Capital Notes will rank as set out in the applicable provisions of Condition 2 of the Terms and Conditions of the Capital Notes, as specified in the applicable Pricing Supplement.

The Capital Notes will constitute direct, subordinated and unsecured obligations of ZIC or, as the case may be, ZHCA, and will rank *pari passu*, without any preference among themselves.

In the case where the relevant Issuer is ZIC, the claims of the holders of Capital Notes will rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against ZIC, (i) after the claims of

any ZIC Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Capital Notes), (ii) *pari passu* with the claims of the holders of any subordinated obligations of ZIC (which, for the avoidance of doubt, shall include the claims of the beneficiaries of any Capital Notes Guarantee) which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the Capital Notes and (iii) prior to the claims of the holders of all classes of issued shares in the share capital of ZIC.

In the case where the relevant Issuer is ZHCA, the claims of the holders of Capital Notes will rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against ZHCA, (i) after the claims of any ZHCA Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Capital Notes), (ii) *pari passu* with the claims of the holders of any subordinated obligations of ZHCA which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of the Capital Notes and (iii) prior to the claims of the holders of all classes of issued shares in the share capital of ZHCA.

Save as otherwise specified in the applicable Pricing Supplement, in the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the relevant Issuer, there shall be payable on each Capital Note, subject to the subordination provisions set out above, an amount equal to the principal amount of each Capital Note with, unless otherwise specified in the applicable Pricing Supplement, unpaid and outstanding Deferred Interest and interest which has accrued up to, but excluding, the date of repayment.

Holders of Capital Notes will have limited remedies, as described under Condition 10 of the Terms and Conditions of the Capital Notes.

Guarantees by ZIC:

Each Tranche of Senior Notes issued by ZF (Luxembourg), ZF (UK) or ZHCA will be unconditionally and irrevocably guaranteed by ZIC (each such guarantee, a “**Senior ZIC Guarantee**”). Each Senior ZIC 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 Senior ZIC 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 Senior ZIC 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.

Each Tranche of Subordinated Notes issued by ZF (Luxembourg), ZF (UK) or ZHCA will be unconditionally and irrevocably guaranteed on a subordinated basis by ZIC by way of an unsecured and subordinated guarantee (each such guarantee, a “**Subordinated ZIC Guarantee**”). The obligations of ZIC under each Subordinated ZIC Guarantee will constitute direct, non-accessory, unconditional, subordinated and unsecured obligations of ZIC ranking (i) after the claims of Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes), (ii) *pari passu* with Subordinated Notes and any other subordinated 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 such Subordinated Notes or the beneficiaries of the Subordinated ZIC Guarantee and (iii) prior to the claims of holders of any Capital Notes, the Capital Notes Guarantee and of all claims of issued shares in the share capital of the Guarantor, it being understood that ZIC’s obligations in respect of certain guarantees (as more fully described under the section “Form of Subordinated Guarantee”) shall rank senior to the Subordinated ZIC Guarantee.

Each Tranche of Capital Notes issued by ZHCA will be unconditionally and irrevocably guaranteed on a subordinated basis by ZIC by way of an unsecured and subordinated guarantee (each such guarantee, a “**Capital Notes Guarantee**”). The obligations of ZIC under each Capital Notes Guarantee will constitute direct, non-accessory, unconditional, subordinated and unsecured obligations of ZIC ranking (i) after the claims of the ZIC Senior Creditors (as defined in Condition 2 of the Terms and Conditions of the Capital Notes), (ii) *pari passu* with the claims of the holders of any subordinated obligations of ZIC which rank or are expressed to rank *pari passu* with the claims of the holders of such Capital Notes and (iii) prior to the

claims of the holders of all classes of issued shares in the share capital of ZIC.

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 8 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 9 of the Terms and Conditions of the Capital 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 2 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes in relation to Subordinated Notes and Condition 2 of the Terms and Conditions of the Capital Notes which will each be governed by, and construed in accordance with, the law of the jurisdiction of incorporation of the relevant Issuer of the Subordinated Notes or Capital Notes, as applicable) 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, Dated Subordinated Notes and Undated Subordinated Notes, and under the Terms and Conditions of the Capital Notes, collective representation of investors is possible, albeit without any guarantee that investors' anonymity can be assured.

Each Senior ZIC Guarantee, each Subordinated ZIC Guarantee and each Capital Notes 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 and Japan 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.

FORM OF THE NOTES AND THE CAPITAL NOTES

The Notes of each Tranche will be either in bearer form or registered form.

With respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series offered and sold in reliance on Regulation S under the U.S. Securities Act, which will be sold to non-U.S. persons outside the U.S., will initially be represented by 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 and Clearstream, Luxembourg for the accounts of their respective participants. Prior to expiry of the distribution compliance period applicable to each Tranche of Notes, interests in a Reg. S Global Note may not be offered or sold to or for the account or benefit of, a U.S. person save as otherwise provided in Condition 10 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 11 of the Terms and Conditions of the Capital Notes and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Reg. S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes will not be exchangeable for Bearer Notes.

Interests in the Reg. S Global Note will be exchangeable for Individual Registered Notes in the following limited circumstances: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business or does in fact do so and no alternative clearance system acceptable to the Trustee is available, or (ii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of Noteholders under the Notes represented by such Reg. S Global Note, and the Trustee has been advised by counsel that in connection with such proceedings it is necessary or appropriate for the Trustee to obtain possession of Individual Registered Notes representing the Reg. S Global Note.

Individual Registered Notes may also be sold outside the U.S. in reliance on Regulation S under the U.S. Securities Act.

Payments of the principal of, and interest (if any) on, the Reg. S Global Notes will be made to the nominee of Euroclear and/or Clearstream, Luxembourg as the registered holders of the Reg. S Global Notes. None of the relevant Issuer, the Trustee, the Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Reg. S Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal on the Reg. S Notes (as defined in the Trust Deed) will be made to the persons shown on the Register at the close of business on the business day immediately prior to the relevant payment date. Payments of interest on the Reg. S Notes will be made to, or to the order of, the person whose name is entered in 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.

Each Tranche of Bearer Notes (other than a Tranche of Listed Swiss Franc Notes) will be initially represented by either (i) a Temporary Global Note or (ii) a Permanent Global Note, in each case without interest coupons or talons, which, if it is not intended to be issued in new global note (“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 delivered to a common depository for Euroclear and Clearstream, Luxembourg and each Global 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 delivered on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the “ECB”) announced that Notes in NGN form are in compliance with the “Standards for use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “Eurosystem”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used and certain other criteria are fulfilled. From 1 October 2010, Registered Global Notes which are cleared through an international central securities depository and intended to constitute eligible collateral for Eurosystem monetary policy operations will need to be issued under a NSS. Such Registered Global Notes will be registered in the name of a nominee of the international central securities depository acting as common safekeeper and asset servicing functions in respect of such Registered Global Notes will be performed by an agent of the international central securities depositories acting as common service provider.

Whilst any Note is represented by a Temporary Global Note and subject to United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) (the “TEFRA D”) selling restrictions, or any successor rules in substantially the same form as such rules for the purposes of Section 4701 of the Code, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interest in such Note are not U.S. persons or persons who have purchased for

resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Listed Swiss Franc Notes will be represented by a Permanent Global SIS Note exchangeable for Definitive Bearer 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 Note representing such Swiss Franc Notes into, or delivery of, Notes in definitive or uncertificated form. Listed Swiss Franc Notes will be delivered through SIS or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange on or prior to the original issue date of such Notes. Any reference in this section “**Form of the Notes and the Capital Notes**” to (i) Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system (including SIS or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange on or prior to the original issue date of such Notes) approved by the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee and the Agent, and (ii) “**Notes**” shall be deemed to include the Permanent Global SIS Note issuable in respect of Listed Swiss Franc Notes. A Permanent Global SIS Note representing Swiss Franc Notes will be exchangeable for definitive Notes in whole but not in part only if the Swiss paying agent should, after consultation with the Issuer, deem the printing of definitive Notes to be necessary or useful, or if the presentation of definitive Notes is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights of holders of Swiss Franc Notes, or if the Swiss paying agent at any time at its discretion determines to have definitive Notes issued; holders of Swiss Franc Notes will not have the right to effect or demand the conversion of the Permanent Global SIS Note representing such Swiss Franc Notes into, or delivery of, Notes in definitive or uncertificated form. If definitive Notes are delivered, the relevant Permanent Global SIS Note will be immediately cancelled by the Swiss paying agent and the definitive Notes shall be delivered to the relevant holders against cancellation of the relevant Swiss Franc Notes in such holders’ securities accounts.

On and after the date (the “**Exchange Date**”) which is 40 days after the date on which any Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Global Note without interest coupons or talons or for Definitive Bearer Notes (notwithstanding the Pricing Supplement may specify that no Definitive Bearer Notes will be issued over a certain denomination) with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer Notes, to such prior notice as is specified in the applicable Pricing Supplement) in each case (if the Notes are subject to TEFRA D selling restrictions, or any successor rules in substantially the same form as such rules for the purposes of Section 4701 of the Code) against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the Temporary Global Note is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes” and under “Terms and Conditions of the Capital Notes” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned (where applicable) a common code and ISIN by Euroclear and Clearstream, Luxembourg or CUSIP number which are different from the common code and ISIN or CUSIP number assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer or, in the case of a syndicated issue, the lead manager) after the completion of the distribution of the Notes of such Tranche.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. The applicable Pricing Supplement will specify that either (i) a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive bearer Notes with, where applicable, interest coupons and talons attached upon not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of such Permanent Global Note) to the Agent as described therein or (ii) a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive bearer Notes with, where applicable, interest coupons and talons attached only upon the occurrence of certain specified events as described therein. The events described are that (i) an Event of Default (as defined in Condition 9 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes) or a Dissolution Event (as defined in Condition 10 of the Terms and Conditions of the Capital Notes) occurs in respect of any Note or (ii) Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (weekends and public holidays excepted) or announce an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 14 of the Terms and Conditions of the Capital Notes if any such event occurs. In the event of the occurrence of any such event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange.

Any Bearer Notes issued by ZHCA will be issued so as to be in “registered form” for U.S. federal income tax purposes. In order to meet U.S. federal income tax requirements for Temporary Global Notes or Permanent Global Notes to be 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**”), such a Bearer Global Note 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 Bearer Global Note 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, Bearer Global Notes are also subject to restrictions as to the circumstances under which Definitive Bearer Notes may be issued. To meet such restrictions, the applicable Pricing Supplement for a Permanent Bearer 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 Definitive Bearer Notes with, where applicable, interest coupons and talons attached only upon the occurrence of one or more of the following specified events as described in the applicable Pricing Supplement: (i) an Event of Default (as defined in Condition 9 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes) or a Dissolution Event (as defined in Condition 10 of the Terms and Conditions of the Capital Notes) occurs in respect of any Note or (ii) Euroclear or Clearstream, Luxembourg 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 Pricing Supplement, such that a Noteholder, or a group of Noteholders acting collectively, has a right to obtain a Definitive Bearer Note 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 Definitive Bearer Note has actually been exercised.

For so long as any of the Notes is represented by a Bearer Global Note deposited with, or a Reg. S Global Note registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as entitled to a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or its nominee as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose such common depository or its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Bearer Global Note or Reg. S Global Note and the Trust Deed (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

In relation to any Tranche of Notes which is represented by a Global Note which, in accordance with its terms, is exchangeable into Definitive Notes in circumstances other than in the limited circumstances specified in such Global Note, such Notes may only be traded in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Notes which are represented by a Global Note will be transferable only in accordance with the applicable procedures Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

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:

“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.

TERMS AND CONDITIONS OF THE SENIOR NOTES, DATED SUBORDINATED NOTES AND UNDATED SUBORDINATED NOTES

*The following, save for the paragraphs in italics, are the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes which will be endorsed on each Global Note and each Definitive Bearer Note or Individual Registered Note, in the case of a Definitive Bearer Note or Individual Registered Note only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue and if so permitted and agreed, such Definitive Bearer Note or Individual Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and each Definitive Bearer Note or Individual Registered Note. Reference should be made to “**Form of the Notes and the Capital Notes**” above for a description of the content of the applicable Pricing Supplement which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation in the relevant Notes.*

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 Holding Company of America, Inc. (“**ZHCA**”) or Zurich Insurance Company Ltd (“**ZIC**”) and, together with ZF (Luxembourg), ZF (UK) and ZHCA, the “**Issuers**” and each, an “**Issuer**”) and references in these Terms and Conditions to the “**relevant Issuer**” shall be to the issuer of the Notes named in the applicable Pricing Supplement (as defined below), constituted by an amended and restated trust deed (as further modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 27 May 2015 made between the Issuers, Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as trustee).

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a Global Note (which expression shall include any Temporary Global Note or Permanent Global Note or Permanent Global SIS Note or Reg. S Global Note, all as defined below), units of the lowest Specified Denomination in the Specified Currency; and
- (ii) in relation to any Notes in definitive bearer form (“**Definitive Bearer Notes**”) issued in exchange for an interest or interests in a Global Note in bearer form (“**Bearer Global Note**”), units of the lowest Specified Denomination in the Specified Currency; and
- (iii) in relation to Individual Registered Notes either issued as such or issued in exchange for a Reg. S Global Note, units of the lowest Specified Denomination in the Specified Currency.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Notes and the Coupons (as defined below) are the subject of an amended and restated agency agreement (the “**Agency Agreement**” which expression shall, where the context permits, include any supplements or amendments thereto and any agency agreement relating to Listed Swiss Franc Notes as referred to in Condition 5(e)) dated 27 May 2015 and made between the Issuers, Citibank, N.A. as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent specified in the applicable Pricing Supplement), the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Banque Internationale à Luxembourg (the “**Luxembourg Listing Agent**”), the registrars named therein (each, a “**Registrar**”, which expression shall include any additional or successor registrar), the transfer agents named therein (the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents) and the Trustee.

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Registered Notes do not have Coupons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Notes (the “**Noteholders**”) in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed, the Agency Agreement, any applicable Senior ZIC Guarantee (as defined below), any applicable Subordinated ZIC Guarantee (as defined below) and the applicable Pricing Supplement are available for inspection during normal

business hours at the principal London office for the time being of the Trustee (being at the date of the Trust Deed at Citicorp Trustee Company Limited, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and are available at the specified office of each of the Agent, the other Paying Agents, the Registrar and the Transfer Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection at the principal London office of the Agent by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee as to its holding of Notes and as to identity. The Noteholders and the holders of the Coupons (the “**Couponholders**”) are deemed to have notice of, and are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement, the Senior ZIC Guarantee, the Subordinated ZIC Guarantee and the applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of any inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes are either in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) as specified in the applicable Pricing Supplement and, in the case of Definitive Bearer Notes or Individual Registered Notes, serially numbered, in the Specified Currency and the Specified Denomination(s) specified in the applicable Pricing Supplement. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis and Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note is a Listed Swiss Franc Note if it is denominated or payable in Swiss francs and listed on the SIX Swiss Exchange and the applicable Pricing Supplement so states.

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 intermediated securities (*Bucheffekten*) within the meaning of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) (the “**Intermediated Securities**”). The Permanent Global SIS Note will be exchangeable for definitive Notes in whole but not in part only if the Swiss paying agent should, after consultation with the relevant Issuer, deem the printing of definitive Notes to be necessary or useful, or if the presentation of definitive Notes 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 definitive Notes issued; holders of Listed Swiss Franc Notes will not have the right to effect or demand the exchange of the Permanent Global SIS Note representing such Listed Swiss Franc Notes into, or delivery of, Notes in definitive or un-certificated form. If definitive Notes are delivered, the relevant Permanent Global SIS Note will be immediately cancelled by the Swiss paying agent and the definitive Notes 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.

Each Tranche of Bearer Notes may be initially represented by a temporary Global Note without Coupons or Talons (a “**Temporary Global Note**”) or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a “**Permanent Global Note**”), which, if the Bearer Global Notes are not intended to be issued in new global note (“**NGN**”) form will be delivered to the common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A., Luxembourg (“**Clearstream, Luxembourg**”) and, if the Bearer Global Notes are intended to be issued in NGN form, will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or after the end 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**”), the Temporary Global Note will be exchangeable upon a request as described therein either for interests in a Permanent Global Note without Coupons or Talons or for Definitive Bearer Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer 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. Each Tranche of Bearer Notes may also be initially represented by a Permanent Global SIS Note (as defined in the Trust Deed). Unless otherwise specified in the applicable Pricing Supplement, a Permanent Global Note will 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 (as defined in Condition 9) occurs in respect of any Note, (ii) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (weekends and public holidays excepted) or announces an intention to cease business permanently or in fact does so and no alternative clearing system satisfactory to the Trustee is available or (iii), if so specified in the applicable Pricing Supplement, at the option of the Noteholder, provided that, in the case of an issue of Notes with a minimum denomination of EUR 100,000 (or the equivalent thereof in the currency in which such issue of Notes is denominated as determined on the date of issue of such Notes) and smaller integral multiples thereof only exchange events (i) or (ii) above will apply.

Any Bearer Note issued by ZHCA will be issued so as to be in “registered form” for U.S. federal income tax purposes. In order to meet U.S. federal income tax requirements for Temporary Global Notes or Permanent Global Notes to be 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 Bearer Global Note 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 Bearer Global Note 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, Bearer Global Notes are also subject to restrictions as to the circumstances under which Definitive Bearer Notes 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 Definitive Bearer Notes 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, Luxembourg 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 Definitive Bearer Note 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 Definitive Bearer Note has actually been exercised.

With respect to a particular Series of Registered Notes, the Registered Notes of each Tranche sold outside the U.S. in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), will, unless otherwise specified in the applicable Pricing Supplement, be represented by a permanent global Note in registered form, without Coupons or Talons, (the “**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 and Clearstream, Luxembourg. Notes in individual registered form (“**Individual Registered Notes**”) issued in exchange for Reg. S Global Notes or otherwise sold or transferred in reliance on Regulation S under the U.S. Securities Act, together with the Reg. S Global Notes, are referred to herein as “**Reg. S Notes**”. Prior to expiry of the Distribution Compliance Period, interests in a Reg. S Global Note may be held only through Euroclear or Clearstream, Luxembourg.

Individual Registered Notes from the date of issue may, if specified in the applicable Pricing Supplement, be issued in reliance on Regulation S under the U.S. Securities Act.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon the registration of transfers in accordance with the Agency Agreement and the Trust Deed. The relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee, the Agent, any Paying Agent, the Registrar, and any Transfer Agent may (subject to applicable laws or as otherwise ordered by a court of competent jurisdiction or an official authority) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof for all purposes (whether or not it is overdue and notwithstanding any notice of ownership, trust or any interest in it, any writing on it or on the related Individual Registered Note or notice of any previous loss or theft of it) and no person will be liable for so treating the holder.

No person shall have any right to enforce any term or condition of this Note or the Trust Deed under the United Kingdom Contracts (Rights of Third Parties) Act 1999.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

References in these Terms and Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including SIS) approved by the relevant Issuer, the Trustee and the Agent and specified in the applicable Pricing Supplement.

2. Status of the Notes

(a) Senior Notes

This Condition 2(a) is only applicable to senior Notes (“**Senior Notes**”) issued by the relevant Issuer which are described in the applicable Pricing Supplement as being issued on an unsubordinated basis.

The Senior Notes and the relative Coupons constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(c)) unsecured obligations of the relevant 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 relevant Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

(b) Subordinated Notes

This Condition 2(b) is only applicable to dated subordinated notes (“**Dated Subordinated Notes**”) and undated subordinated notes (“**Undated Subordinated Notes**”) issued by the relevant Issuer. Dated Subordinated Notes and Undated Subordinated Notes are together referred to as “**Subordinated Notes**”. The provisions of this Condition 2(b) are subject to Condition 2(c) below.

(c) Ranking of the Subordinated Notes

The Subordinated Notes and the relative Coupons will constitute direct, subordinated and unsecured obligations of the relevant Issuer and will rank *pari passu*, without any preference, among themselves. The Subordinated Notes and relative Coupons will rank on a voluntary or involuntary winding-up, liquidation, dissolution or other similar proceedings of the relevant Issuer:

- (i) after the claims of any Senior Creditors (as defined below) of the relevant Issuer;
- (ii) *pari passu* with the claims (a) of the holders of other Undated Subordinated Notes and Dated Subordinated Notes of the relevant Issuer; (b) of other creditors of the relevant Issuer whose claims rank or are expressed to rank *pari passu* with the claims of the holders of any Undated Subordinated Notes or Dated Subordinated Notes of the relevant Issuer; and (c) (in the case where ZIC is the relevant Issuer) of the beneficiaries under any Subordinated ZIC Guarantee (as defined below); and
- (iii) prior to claims of the holders of any Capital Notes (as defined in the Trust Deed) (in the case where ZIC or ZHCA is the relevant Issuer), the claims of the beneficiaries of any Capital Notes Guarantee (in the case where ZIC is the relevant Issuer) and the claims of the holders of any other subordinated obligations of the relevant Issuer which rank or are expressed to rank junior to the claims (a) of the holders of any Undated Subordinated Notes or Dated Subordinated Notes of the relevant Issuer or, as appropriate, (b) (in the case where ZIC is the relevant Issuer) of the beneficiaries under any Subordinated ZIC Guarantee).

In the event of a voluntary or involuntary winding-up, liquidation, dissolution or other similar proceedings of the relevant Issuer, there shall be payable in such voluntary or involuntary winding-up, liquidation or dissolution on each Subordinated Note, subject to and after the claims of all Senior Creditors and prior to any payment to the holders of debt that ranks or is expressly designated as ranking junior to the Subordinated Notes, or holders of issued shares at such time in the relevant Issuer, an amount equal to the principal amount of such Subordinated Notes together with interest which has accrued up to, but excluding, the date of repayment (including any Arrears of Interest (as defined below)).

As used herein, “**Senior Creditors**” of an entity means:

- (i) all unsubordinated creditors of that entity;
- (ii) all creditors of that 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; and
- (iii) in the case of a relevant Issuer, all other subordinated creditors of that entity except those whose claims rank or are expressed to rank *pari passu* with or junior to the claims (a) of the holders of the Undated Subordinated Notes or Dated Subordinated Notes of such relevant Issuer or, as appropriate, (b) (in the case where ZIC is the relevant Issuer) under the Subordinated ZIC Guarantee.

Subject to applicable law, neither the Trustee nor any Noteholder of the Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by the relevant Issuer and/or the Guarantor (as defined below) arising under or in connection with the Subordinated Notes or any Subordinated ZIC Guarantee (as defined below) and each such Noteholder of such Subordinated Note shall, by virtue of being the Noteholder of any of the Subordinated Notes, be deemed to have waived all such rights of set-off.

The subordination provisions of this Condition 2, which are governed by and shall be construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Subordinated Notes, are irrevocable.

For the avoidance of doubt, the obligations of ZIC in relation to either Subordinated Notes issued by it or under a Subordinated ZIC Guarantee (see Condition 3(b) below) will rank on a winding-up, liquidation, dissolution or other similar proceedings:

- (a) *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 and its U.S.\$300m Subordinated Notes due 2045 and in respect of its guarantee of the €269m 4.5 per cent Subordinated Notes due 2025, the £450m 6.625 per cent Perpetual Subordinated Notes, the CHF700m 4.25 per cent Perpetual Subordinated Notes, the CHF500m 4.625 per cent Perpetual Subordinated Notes and any future Subordinated Notes issued by ZIC; and*
- (b) *senior to the obligations of ZIC in respect of its subordinated support agreements entered into in connection with the enhanced capital advantaged preferred securities (ECAPS) issued by ZFS Finance (USA) Trust II and the Trust Preferred Securities issued by ZFS Finance (USA) Trust V and its obligations under the U.S.\$500m 8.250 per cent Perpetual Reset Capital Notes and under the CHF200m 2.75 per cent Perpetual Capital Notes and any future Capital Notes.*

3. Senior ZIC Guarantee, Subordinated ZIC Guarantee and Negative Pledge

(a) Senior ZIC Guarantee

Where the relevant Issuer is ZF (Luxembourg), ZF (UK) or ZHCA, the payment of principal and interest in respect of Senior Notes (together with any additional amounts payable under Condition 7 and all other moneys payable under the Trust Deed) up to a specified maximum amount has been unconditionally and irrevocably guaranteed by ZIC pursuant to a guarantee agreement dated the issue date of the relevant Tranche of Notes (the “**Senior ZIC Guarantee**”). Each Senior ZIC Guarantee provides that the Guarantor will within seven days of receipt by it of notice from the Trustee confirming that a payment referred to in the preceding sentence has become due and remains unpaid make such payment, provided that such notice from the Trustee shall, however, not be submitted to the Guarantor before seven days have passed since the due date on which such amount due under the relevant Tranche of Notes or the Trust Deed should have been paid. The Senior ZIC Guarantee, which is governed by Swiss law, is limited to a maximum amount stated in the relevant Senior ZIC Guarantee. The obligations of ZIC under the Senior ZIC Guarantee in respect of unsubordinated Notes constitute direct, unconditional, unsubordinated and unsecured obligations of ZIC and (subject as aforesaid) rank and 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. No Noteholder or Couponholder will be entitled to proceed directly against ZIC unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

(b) Subordinated ZIC Guarantee

Where the relevant Issuer of Subordinated Notes is ZF (Luxembourg), ZF (UK) or ZHCA, the payment of principal and interest in respect of the Subordinated Notes (together with any additional amounts payable under Condition 7 and all other moneys payable under the Trust Deed) up to a specified maximum amount has been unconditionally and irrevocably guaranteed on a subordinated basis by ZIC pursuant to a guarantee agreement dated the issue date of the relevant Tranche of the Subordinated Notes (the “**Subordinated ZIC Guarantee**”). Each Subordinated ZIC Guarantee provides that the Guarantor will, within seven days of receipt by it of notice from the Trustee confirming that a payment referred to in the preceding sentence has become due and remains unpaid, make such payment, provided that such notice from the Trustee shall, however, not be submitted to the Guarantor before seven days have passed since the due date on which such amount due under the relevant Tranche of the Subordinated Notes or the Trust Deed should have been paid. The Subordinated ZIC Guarantee, which is governed by Swiss law, is limited to the maximum amount stated in the relevant Subordinated ZIC Guarantee. The obligations of ZIC under the Subordinated ZIC Guarantee in respect of the Subordinated Notes issued by the relevant Issuer constitute direct, subordinated and unsecured obligations of the Guarantor. Claims in respect of the Subordinated ZIC Guarantee will, in the event of a winding-up, liquidation, dissolution or other similar proceedings of the Guarantor (like “**Nachlassstundung**”), rank *pari passu* with the claims of holders of Subordinated Notes issued by ZIC as described in Condition 2(c).

For the purposes of Conditions 3(a) and 3(b), “**Guarantor**” means ZIC in its capacity as guarantor under any Senior ZIC Guarantee or any Subordinated ZIC Guarantee, as applicable.

(c) Negative Pledge

This Condition 3(c) is only applicable to Senior Notes.

So long as any of the Notes of the relevant Series remains outstanding (as defined in the Trust Deed), the relevant Issuer (except where ZIC is the relevant 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, such Issuer’s obligations under the Notes, the Coupons 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.

For the purposes of this Condition, “**Relevant Debt**” means any present or future indebtedness of the relevant 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.

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and (if applicable) on the Maturity Date or other date fixed for redemption if that does not fall on an Interest Payment Date.

The amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each calculation amount as specified in the applicable Pricing Supplement (“**Calculation Amount**”) multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of these Conditions “**Fixed Day Count Fraction**” means:

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
 - (a) where the relevant period (from and including the first day to but excluding the last day) is equal to or shorter than the Regular Period during which it falls, the actual number of days in the relevant period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the relevant period (from and including the first day to but excluding the last day) is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such relevant period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such relevant period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) number of Regular Periods normally ending in any year;
- (ii) if “**30/360**” is specified in the applicable Pricing Supplement, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**sub-unit**” with respect to any currency other than euro, means the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

If the applicable Pricing Supplement specifies that a Mid Swap Rate is applicable to interest payable on Interest Payment Dates falling in a specified period (the “**Reset Period**”), the Notes will bear interest during such Reset Period at a rate determined on the Reset Determination Date as being the aggregate of the Reset Margin and the Specified Mid Swap Rate. The Specified Mid Swap Rate shall be the mid-market swap rate for the Specified Swap Duration, expressed as a percentage, which appears on the Mid Swap Rate Screen Page (or such other page as may replace that page, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates) at 11.00 a.m. (local time) on the Reset Determination Date. If swap rates do not appear on the Mid Swap Rate Screen Page, the Specified Mid Swap Rate shall be determined by the Swap Rate Determination Agent (which, unless otherwise specified in the applicable Pricing Supplement, shall be the Agent) on the basis of (i) quotations provided by the principal office of each of four major banks in the relevant swap market of the rates at which swaps in the applicable currency are offered by it at approximately 11.00 a.m. (local time) on the Reset Determination Date to participants in the relevant swap market for the period equal to the Specified Swap Duration; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations.

The Swap Rate Determination Agent will at, or as soon as practicable after, each time at which the Specified Mid Swap Rate is to be determined, determine the Specified Mid Swap Rate for the relevant Reset Period and notify the Agent as soon as practicable after determining the same.

The Agent will cause the Specified Mid Swap Rate to be notified to the relevant Issuer and any stock exchange on which the relevant Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter.

If for any reason the Swap Rate Determination Agent at any time after the Issue Date defaults in its obligation to determine the Specified Mid Swap Rate, the Trustee shall determine the Specified Mid Swap Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances and any such determination shall be deemed to have been made by the Swap Rate Determination Agent.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(a), whether by the Swap Rate Determination Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee, the Agent, the Swap Rate Determination Agent, the other Paying Agents, the Registrar and any Transfer Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Noteholders or the Couponholders shall attach to the Agent, the Trustee or the Swap Rate Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to but excluding the next Interest Payment Date).

If the business day convention is specified in the applicable Pricing Supplement and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments in any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to interest payable in Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre) or (2) in relation to interest payable in euro, a day on which the TARGET system is operating.

For the purposes of these Conditions “**TARGET system**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner 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 Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA 2006 Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or the European inter-bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Notes

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 Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time or in the case of EURIBOR, Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(B)(1) above, no such quotation appears or, in the case of Condition 4(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(C) Linear Interpolation

If the applicable Pricing Supplement specifies linear interpolation as applicable in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable) and determined as follows:

- (1) one rate as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (2) the other rate as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**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.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes in respect of each Calculation Amount for the relevant Interest Period.

Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest of any Interest Period:

- (A) if “Actual/Actual” or “Actual/Actual/ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (D) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest 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 and **D₁** is greater than 29, in which case **D₂** will be 30;

(E) if “**30E/360**” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest 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 or (ii) such number would be 31, in which case **D₂** will be 30.

(F) if “**30E/360 (ISDA)**” is specified hereon, 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 or (ii) such number would be 31, in which case **D₂** will be 30.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than (i) 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 (ii) in all other cases, the fourth London Business Day (as defined below) after such determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, listing authority and/or quotation system by which the relevant Floating Rate Notes are for the time being admitted to listing, trading and/or quotation and to the Noteholders in accordance with Condition 13. In these Conditions “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Determination or Calculation by Trustee

If for any reason the Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraphs (ii) and (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(vii) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee, the Agent, the other Paying Agents, the Registrar and any Transfer Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(d) Special provisions in relation to Subordinated Notes

This Condition 4(d) is only applicable to Subordinated Notes:

(i) Optional deferral of interest

If so specified in the applicable Pricing Supplement, there may be paid, on each Optional Interest Payment Date, interest accrued in respect of the Interest Period which ends on such Optional Interest Payment Date but the relevant Issuer shall have the option to defer payment of interest on the Notes which would otherwise be payable on such date. If so specified in the applicable Pricing Supplement, notwithstanding the other provisions of this Condition 4(d)(i) but without prejudice to the provisions of Condition 4(d)(ii), if as at any Optional Interest Payment Date FINMA or any Successor Authority no longer accords any regulatory capital credit to the Notes under the Applicable Regulations (as defined below), the relevant Issuer will only be allowed to exercise its option under this Condition 4(d)(i) to defer payment of interest on the Notes on such Optional Interest Payment Date for a period of up to five years (a “**Fixed Term Deferred Interest Payment**”). The deferral of any interest payment on any Optional Interest Payment Date in accordance with this Condition 4(d)(i) will not constitute an Event of Default by the relevant Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or make a demand under the relevant Subordinated ZIC Guarantee. The relevant Issuer, failing whom, the Guarantor, shall notify the Trustee and the Noteholders, immediately as soon as it becomes aware that an Interest Payment Date will be an Optional Interest Payment Date in respect of which payment is deferred of the amount of such payment otherwise due on that date and the grounds upon which such deferral has been made. The relevant Issuer may defer paying interest on each Optional Interest Payment Date until the Notes become due and payable as described in Condition 4(d)(iii).

For the purpose of this Condition 4(d), “**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon, but subject as provided in the next paragraph, (i) no dividend has been declared or

paid on any class of share capital of ZIG; and (ii) (provided at the relevant time the existence of this requirement (ii) does not cause a Regulatory Event) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (a) on any securities issued or guaranteed by ZIC in its capacity as issuer or guarantor, respectively and the claims in respect of such securities or, as applicable, guarantee rank junior to, or *pari passu* with, the claims of holders of Subordinated Notes issued by ZIC or, as applicable, under a ZIC Subordinated Guarantee; or (b) on any securities issued by the relevant Issuer (other than ZIC) and the claims in respect of such securities rank junior to, or *pari passu* with, the claims of holders of Subordinated Notes issued by the relevant Issuer (other than ZIC); or (c) on any securities issued or guaranteed by ZIG (unless, in each case aforesaid, such payment was compulsory on such securities or required due to the repayment of such securities).

Notwithstanding the immediately preceding paragraph, any Interest Payment Date which would otherwise not be an Optional Interest Payment Date by reason of one or more of the following events shall be treated as an Optional Interest Payment Date:

- (aa) 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;
- (bb) 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);
- (cc) the purchase of fractional interests in ZIG's ordinary shares, pursuant to the conversion or exchange provisions of such ZIG's ordinary shares, or the security being converted or exchanged;
- (dd) 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;
- (ee) 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
- (ff) payments of interest on any Subordinated Notes and any other obligations which rank *pari passu* with the Subordinated Notes 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 Subordinated Notes, on the other hand.

(ii) *Solvency Deferral of Interest*

If Solvency Deferral is specified in the applicable Pricing Supplement as being applicable and a Solvency Event has occurred and is continuing as at the relevant Deferral Determination Date, then, in relation to any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date, the relevant Issuer shall defer such Interest Payment, and shall defer the relevant Solvency Shortfall if, were the Relevant Entity to make payment of the relevant Interest Payment, a Solvency Event would as at the date of such payment occur except that the relevant Issuer will not be required to defer such Interest Payment or Solvency Shortfall, as the case may be, if FINMA or any Successor Authority applicable at the time has given its consent to such payment. The deferral of any Interest Payment or part thereof in accordance with this Condition 4(d)(ii) will not constitute an Event of Default and will not give Noteholders or the Trustee any right to accelerate the Notes or make a demand under the relevant Subordinated ZIC Guarantee. The relevant Issuer, failing whom the Guarantor, shall give notice of such deferral to the Trustee (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Noteholders in accordance with Condition 13 not less than seven days prior to the relevant Interest Payment Date. A certificate as to the occurrence of a Solvency Event signed by two Authorised Officers of the relevant Issuer or ZIG, shall, in the absence of manifest error, be treated and accepted by the relevant Issuer, the Noteholders, the Trustee, the Couponholders and all other interested parties as correct and sufficient evidence thereof. The Trustee shall be entitled to rely upon such certification absolutely without liability to any person.

As used herein:

“**Applicable Regulations**” means, with respect to the Relevant Entity at any time, the regulatory capital requirements applicable to such entity and/or its 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 FINMA or any Successor Authority.

“**Assets**” means, where ZIC is specified in the relevant Pricing Supplement as being the Relevant Entity, ZIC's consolidated total assets and, where ZIG is specified in the relevant Pricing Supplement as being the Relevant Entity, ZIG's consolidated total

assets, each as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Relevant Entity, or if the Relevant Entity is being liquidated, its liquidator.

“**Deferral Determination Date**” means, in respect of an Interest Payment Date, the 20th business day in Zurich preceding such Interest Payment Date.

“**FINMA**” means the Swiss Financial Market Supervisory Authority FINMA in Switzerland.

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date.

“**Liabilities**” means, where ZIC is specified in the applicable Pricing Supplement as being the Relevant Entity, ZIC’s consolidated total liabilities and, where ZIG is specified in the applicable Pricing Supplement as being the Relevant Entity, ZIG’s consolidated total liabilities, each as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Relevant Entity, or if the Relevant Entity is being liquidated, its liquidator.

“**Relevant Entity**” means ZIC and/or ZIG, as specified in the applicable Pricing Supplement.

A “**Solvency Event**” shall be deemed to have occurred as at any date if as at such date:

- (i) the Relevant Entity does not at such date have appropriate funds to cover 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 Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or
- (ii) the Relevant Entity is unable to pay its debts owed to its Senior Creditors (as defined in Condition 2(c)) as they fall due; or
- (iii) the Relevant Entity’s Assets do not exceed its Liabilities (each as defined above) (other than liabilities to persons who are not Senior Creditors); or
- (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Relevant Entity that it has determined, in view of the financial and/or capital position of the Relevant Entity, that in accordance with Applicable Regulations at such time, the relevant Issuer must take specified action in relation to payments on the Notes; or
- (v) the Relevant Entity’s auditors cannot give a confirmation pursuant to Article 725(2) of the Swiss Code of Obligations or any equivalent provision under applicable laws.

“**Solvency Shortfall**” means the portion of interest that would cause a Solvency Event to occur or be continuing.

“**Successor Authority**” means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over ZIC and/or the Zurich Insurance Group.

(iii) *Arrears of Interest*

Any interest in respect of the Notes not paid on an Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 4(d), shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest and any other amount, payment of which is deferred in accordance with this Condition 4(d), shall not themselves bear interest. Any Arrears of Interest and any other amount, payment of which is deferred in accordance with this Condition 4(d) may, if so specified in the applicable Pricing Supplement and subject to obtaining the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time), be satisfied at the option of the relevant 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 relevant Issuer or the Guarantor to the Trustee and to the Noteholders in accordance with Condition 13 and in any event such Arrears of Interest and any other amount payment of which is deferred in accordance with this Condition 4(d) will, save as otherwise specified in the applicable Pricing Supplement and as provided below, 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 any class of share capital of ZIG; or
- (B) the date of redemption, substitution or variation of any Notes pursuant to Condition 6(a), Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f); or
- (C) the commencement of the winding-up or dissolution of the relevant Issuer or, as the case may be, the Guarantor (except for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or a reconstruction the terms of which

shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders or as a result of a Permitted Reorganisation); or

- (D) the date upon which the relevant Issuer or, as the case may be, the Guarantor pays interest on any other junior or *pari passu* securities of the relevant Issuer or the Guarantor (unless such payment was compulsory on such securities or required due to the repayment of such securities); 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.

Notwithstanding the foregoing, Arrears of Interest arising pursuant to Condition 4(d)(ii) will only be due and payable by reason of items (A) and (D) above following the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time) and provided the relevant dividend or interest payment under item (A) or (D) is not one of a type described in paragraphs (aa) to (ff) in Condition 4(d)(i).

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars, shall be Auckland); and
- (ii) payments in euro will be made by credit or transfer to an euro account specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in any jurisdiction (whether by operation of law or agreement of the relevant Issuer or the Guarantor or its Agents and neither the relevant Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements), but without prejudice to the provisions of Condition 7. References to “Specified Currency” will include any successor currency under applicable law.

(b) Presentation of Notes and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender (or, in the case of part payment only, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment only, endorsement) of Coupons, in each case 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)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable, all unmatured Talons (if any) appertaining hereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note (as defined below) in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Definitive Bearer Note is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the relevant Issuer may require. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Definitive Bearer Note shall cease to be a Long Maturity Note on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Definitive Bearer Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the U.S.. A record of each payment made against presentation or surrender of such Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a Bearer Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Bearer Global Note and the relevant Issuer or, as the case may be, ZIC will be discharged by payment to, or to the order of, the holder of such Bearer Global Note in respect of each amount so paid.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of this Bearer Global Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of this Bearer Global Note will be made at the specified office of a Paying Agent in the U.S. if:

- (i) the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) 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 in U.S. dollars at such specified offices outside the U.S. of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the U.S. is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under U.S. law without involving, in the opinion of the relevant Issuer and ZIC (where ZIC is not the relevant Issuer), adverse tax consequences to the relevant Issuer or ZIC (where ZIC is not the relevant Issuer).

Payments of principal in respect of Registered Notes (whether in individual or global form) will be made in the manner provided in Condition 5(a), above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Registered Global Note or Individual Registered Notes at the specified office of the Registrar or at the specified office of any Paying Agent. Payments of interest due on a Registered Note will be made to the person in whose name such Note is registered (i) where in global form, 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, and (ii) where in individual form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for the purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the “**Record Date**”). In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder’s registered address on the due date. If payment is required by credit or transfer as referred to in Condition 5(a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

(c) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, and unless otherwise specified in the applicable Pricing Supplement, “**Payment Day**” means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Payment Business Centre specified in the applicable Pricing Supplement and, in the case of Notes in individual form only, in the relevant place of presentation; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, any Additional Business Centre) or (2) in relation to Notes denominated or payable in euro, a day on which the TARGET system is operating.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or pursuant to any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount (as specified in the applicable Pricing Supplement) of the Notes;
- (iii) the Early Redemption Amount (as specified in the applicable Pricing Supplement) of the Notes;
- (iv) the Optional Redemption Amount(s) (as specified in the applicable Pricing Supplement) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as specified in the applicable Pricing Supplement); and
- (vi) any premium and any other amounts which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(e) Payments on Listed Swiss Franc Notes

The receipt by the Principal Paying Agent named in the applicable Pricing Supplement (the “**Principal Paying Agent**”) from the relevant Issuer of each payment in full 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 Paying Agent to act as such in relation to the Listed Swiss Franc Notes shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the relevant 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.

(f) Definition

In this Condition, “**euro**” means the single currency adopted by those states participating in European Monetary Union from time to time.

6. Redemption and Purchase

(a) At Maturity

This Condition 6(a) is applicable to Notes other than Undated Subordinated Notes.

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date provided that, in the case of Dated Subordinated Notes if so specified in the applicable Pricing Supplement, if a Solvency Event has occurred and is continuing on the Maturity Date or would occur as a result of the relevant redemption, the Dated Subordinated Notes shall not be redeemed unless the prior written approval of FINMA or any Successor Authority for such payment has been given. If a Solvency Event has occurred and is continuing on the Maturity Date and no prior written approval as aforesaid has been given, each Dated Subordinated Note will be redeemed by the relevant Issuer promptly following either the obtaining of such written approval or no Solvency Event continuing (including, following the relevant redemption) and the giving of not more than 30 nor less than 15 days’ notice to such effect by the relevant Issuer to the Trustee and to Noteholders in accordance with Condition 13. 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 on any such Dated Subordinated Note until such later date of redemption.

A certificate as to the occurrence and/or continuation of a Solvency Event and as to whether or not written approval of FINMA or any Successor Authority as aforesaid has been given signed by two Authorised Officers of the relevant Issuer or ZIG, shall, in the absence of manifest error be treated and accepted by the relevant Issuer, to Noteholders, the Trustee, the Couponholders and all other interested parties as correct and sufficient evidence thereof. The Trustee shall be entitled to rely upon such certification absolutely without liability to any person.

(b) Redemption of Undated Subordinated Notes

This Condition 6(b) is only applicable to Undated Subordinated Notes.

Each Note has no final maturity date and is only redeemable or repayable in accordance with the following provisions of this Condition 6 and Condition 9(b).

(c) Redemption for Tax Reasons

The Notes of any Series may be redeemed at the option of the relevant Issuer, subject to Condition 6(l), in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) at their principal amount, together, if applicable, with interest accrued to the date fixed for redemption and any Arrears of Interest, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Agent and, in accordance with Condition 13, the

Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Notes, (A) the relevant Issuer is or will become obliged to pay additional amounts as provided or referred to in Condition 7 or (B) ZIC (where ZIC is not the relevant Issuer) would be unable for reasons outside its control to procure payment by the relevant Issuer and in making payment itself would be required to pay such additional amounts, in each of cases (A) and (B) as a result of (1) any current law (in the case of an issue of Undated Subordinated Notes) or (2) (in the case of an issue of Senior Notes, Dated Subordinated Notes or Undated Subordinated Notes) change in, or amendment to, the laws or regulations of the Relevant Jurisdictions (as defined below) 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; and such obligation cannot be avoided by the relevant Issuer or, as the case may be, ZIC (where ZIC is not the relevant Issuer) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, ZIC (where ZIC is not the relevant Issuer) would be obliged to pay such additional amounts were a payment in respect of the Notes then due; or
- (ii) on the next Interest Payment Date the payment of interest in respect of any Undated Subordinated Notes would (whether or not as a result of a change in or amendment of law or regulation as aforesaid) (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 relevant Issuer, in each case for reasons outside the control of and which cannot be avoided by, the relevant Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer or, as the case may be, two Authorised Officers of ZIC (where ZIC is not the relevant Issuer) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, ZIC (where the relevant Issuer is not ZIC), has or will become obliged to pay such additional amounts as a result of such circumstances, change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

In these Conditions, “**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) United Kingdom and Switzerland, in the case of Notes issued by ZF (UK); and (iv) the United States of America and Switzerland, in the case of Notes issued by ZHCA.

Notes redeemed pursuant to this Condition 6(c) will be redeemed at their Early Redemption Amount referred to in Condition 6(h) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(d) Redemption for Other Reasons

This Condition 6(d) is only applicable to Subordinated Notes.

The Notes may, subject to Condition 6(l), be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) (provided that the relevant Issuer shall not have the right to redeem the Notes following an Accounting Event and/or a Capital Event (each as defined below) if such right of redemption would cause a Regulatory Event) at the Regular Redemption Price or the Special Redemption Price, as specified in the applicable Pricing Supplement, together, if applicable, with interest accrued to the date fixed for redemption and any Arrears of Interest on giving not less than 30 nor more than 60 days’ notice to the Trustee and, in accordance with Condition 13, the Noteholders (which shall be irrevocable), if the relevant Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) if so specified in the applicable Pricing Supplement, an Accounting Event has occurred and is continuing;
- (ii) if so specified in the applicable Pricing Supplement, a Capital Event has occurred and is continuing; or
- (iii) if so specified in the applicable Pricing Supplement, a Regulatory Event has occurred and is continuing.

As used herein:

“**Accounting Event**” means that an opinion of a recognised accounting firm has been delivered to the relevant Issuer or ZIG, stating that obligations of the relevant 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 relevant Issuer or, as the case may be, ZIG taking such reasonable measures as the relevant Issuer or ZIG (acting in good faith) deems appropriate. The relevant Issuer will deliver the applicable opinion to the Trustee.

“**Capital Event**” means a change by a nationally recognised statistical rating organisation 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 change has been confirmed in writing to the relevant Issuer or ZIG by such organisation and which results in a lower equity credit being given to the Notes as of the date of such change by such nationally recognised statistical rating organisation as compared with the equity credit pursuant to its current criteria.

“**Future Regulations**” means the solvency margin, regulatory capital or capital adequacy regulations (if any) which may be introduced in Switzerland (or if ZIG becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the relevant Issuer and/or ZIG, 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.

“**Regulatory Event**” means the occurrence of any of the following events which occurrence cannot be avoided by the relevant Issuer or the Guarantor or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate:

- (A) prior to the implementation of the Future Regulations, FINMA or any Successor Authority states that the Notes are no longer eligible to qualify as at least lower additional capital (in the case of Dated Subordinated Notes) or upper additional capital (in the case of Undated Subordinated Notes) pursuant to Art. 49 in connection with Art. 39 of the SPICO (as defined below) or, after its entering into force, Art. 49 in connection with Art. 22a of the Draft-SPICO (as defined below), and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or
- (B) with effect from the implementation of the Future Regulations, the Notes do not qualify, or initially qualify but cease to so qualify, as at least Tier Two own funds (or equivalent) 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 any applicable limitation on the amount of such capital.

“**Draft-SPICO**” means the final draft of the partly revised Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen* — AVO), as published by the Swiss Federal Department of Finance and the Swiss Federal Council on 25 March 2015 and which will enter into force on 1 July 2015.

“**SPICO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen* — AVO) of 9 November 2005, as amended.

“**Special Event**” means any of an Accounting Event, a Capital Event or a Regulatory Event or any combination of the foregoing.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer stating that the circumstances described in the definitions of Accounting Event, Capital Event or Regulatory Event (as appropriate) have occurred and that, in the case of a Regulatory Event, such Regulatory Event cannot be avoided by the Issuer, Guarantor or, as the case may be, ZIG taking such measures as are provided for in the definition of Regulatory Event to avoid such Regulatory Event and the Trustee shall be entitled to accept such certificate as sufficient evidence that the circumstances described in the relevant Special Event apply, in which event it shall be conclusive and binding on the Noteholders and the Couponholders. In the case of a Capital Event, prior to the publication of any notice of redemption, the relevant Issuer shall also deliver a copy of the relevant written confirmation of the rating organisation referred to in the definition of Capital Event.

The Trustee is under no obligation to ascertain whether any Special Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event has occurred.

(e) Redemption at the Option of the Relevant Issuer

If the relevant Issuer is specified in the applicable Pricing Supplement as having an option to redeem, such Issuer may, subject to Condition 6(l) and having given:

- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee and the Agent;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will, subject (where the relevant Issuer is ZF (Luxembourg) only) to mandatory provisions of Luxembourg law, be selected individually by lot in a manner approved by the Trustee, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global

Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by Definitive Bearer Notes or Individual Registered Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by Definitive Bearer Notes or Individual Registered Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Bearer Notes or Individual Registered Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(e) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

(f) Substitution or Variation

This Condition 6(f) is only applicable to Subordinated Notes.

If any of the events described in Condition 6(c) or 6(d) has occurred and is continuing, then the relevant Issuer may, subject to Condition 6(l), (without any requirement for the consent or approval of the Noteholders) and subject to having satisfied the Trustee immediately prior to the giving of such notice referred to herein that the provisions of this Condition 6(f) have been complied with and having given not less than seven days’ written notice to the Trustee and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities and the Trustee shall (subject as provided below and to the following provision of this Condition 6(f) being complied with and subject further to the receipt by the Trustee of a certification by the Authorised Officers of the relevant Issuer referred to below) agree to such substitution or variation. In connection therewith, all Arrears of Interest (if any) will be paid.

Upon the expiry of such notice, the relevant Issuer shall either vary the terms of, or substitute, the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall not be obliged to participate in any substitution or variation of the Notes for any proposed alternative Qualifying Securities if the terms of the proposed alternative Qualifying Securities would impose, in the Trustee’s opinion, more onerous obligations on it.

As used herein, “**Qualifying Securities**” means securities:

- (a) having terms (including terms providing for deferral and/or cancellation of payment of interest and/or principal) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the relevant Issuer after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the relevant Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (b) issued by the relevant Issuer or issued by another member of the Zurich Insurance Group with a guarantee by the relevant Issuer and, as appropriate, Guarantor, such that investors have the same material rights and claims as provided by the Notes (as reasonably determined by the relevant Issuer, and provided that a certification to such effect of two Authorised Officers 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 relevant 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, unless the triggers are objective and measurable; and
- (f) which, benefit from a guarantee from ZIC which is subordinated on the same basis, and to the same extent, as the Subordinated ZIC Guarantee in circumstances where the Notes benefitted from the Subordinated ZIC Guarantee; and
- (g) listed on an internationally recognised stock exchange, if the Notes were listed prior to such substitution or variation.

In addition, any substitution or variation is subject to (A) all interest amounts, including Arrears of Interest, and any other amount payable under the Notes which, in each case has accrued to Noteholders and has not been paid, being satisfied in full on or prior to the date thereof; (B) compliance with Condition 6(l); (C) the substitution or variation not itself giving rise to a change in any published rating of the Notes in effect at such time as confirmed in writing by the rating organisations who have given such published rating of the Notes previously; (D) the substitution or variation not triggering the right on the part of the relevant Issuer to redeem the Notes pursuant to Condition 6(c) or 6(d); and (E) certification by two Authorised Officers of the relevant Issuer that

the securities in question are “**Qualifying Securities**” in accordance with the definition set out above and that the conditions set out herein have been complied with, which such certificate shall be delivered to the Trustee prior to the substitution or variation of the relevant securities and upon which certificate the Trustee shall be entitled to rely absolutely without liability to any person.

In connection with any substitution or variation as described above, the relevant Issuer will comply with the rules of any stock exchange or other relevant authority on which the Notes are then listed or admitted to trading.

(g) Redemption at the Option of the Noteholders

This Condition 6(g) is only applicable to Senior Notes.

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 13 not less than 15 nor more than 30 days’ notice the relevant Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If a Note is in individual or definitive form, to exercise the right to require redemption of such Note the holder of the Note must deliver such Note in individual or definitive form at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must (subject to the terms of Condition 5) specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

The Paying Agent with which a Note in individual or definitive form is so deposited shall deliver a duly completed receipt for such Note (a “**Put Option Receipt**”) to the depositing Noteholder. No Definitive Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 6(g), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date, any such Note in individual or definitive form becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date, payment of the redemption moneys is improperly withheld or refused, the Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Notice and shall hold such Note in individual or definitive form at its specified office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note in individual or definitive form is held by a Paying Agent in accordance with this Condition 6(g), the depositor of such Note in individual or definitive form and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

If a Note is in global form, the Noteholder shall comply with the procedures of the relevant Clearing System so as to enable such Clearing System to procure the giving of a Put Notice as provided by this Condition 6(g).

(h) Early Redemption Amounts

For the purpose of Condition 6(c) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of:
 - (a) the Reference Price specified in the applicable Pricing Supplement; and
 - (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360 day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Pricing Supplement.

(i) Purchases

The relevant Issuer, ZIC (where ZIC is not the relevant Issuer) or any of ZIC's Subsidiaries (as such term is defined in the Trust Deed) may subject to Condition 6(l), in the case of Restricted Notes subject to Condition 10(k), at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the relevant Issuer or ZIC (where ZIC is not the relevant Issuer), surrendered to any Paying Agent or the Registrar for cancellation.

(j) Cancellation

All Notes which are redeemed or purchased and surrendered for cancellation will forthwith be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together in the case of Definitive Bearer Notes with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(k) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(a), (c), (d), (e) or (g) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(h)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(l) Condition to redemption, substitution or variation of Subordinated Notes

Any redemption, substitution, variation of the terms or purchase of Subordinated Notes in accordance with Condition 6(c), (d), (e), (f) or (i) is subject to the relevant Issuer obtaining the prior written consent of FINMA or any Successor Authority thereto provided that such consent is required at that time under applicable capital or solvency regulations to be obtained.

7. 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, the Notes and the Coupons 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 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 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 or Coupons 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 or Coupons, 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 or Coupon presented for payment:

- (i) in Luxembourg, in the case of Notes issued by ZF (Luxembourg);
- (ii) by or on behalf of a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon 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 or Coupon;
- (iii) more than 30 days after the Relevant Date (as defined below) 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) in respect of any U.S. federal withholding tax that is imposed, assessed, levied or collected by reason of Section 1471 through 1474 of the Code (or any regulations promulgated thereunder or administrative interpretations thereof or agreement with any Relevant Jurisdiction or the U.S. relating thereto);
- (v) where such withholding or deduction is imposed on a payment to an individual or a residual entity and (x) is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such Directive or (y) is required to be made pursuant to any

agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements or (z) 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 introducing a withholding tax on interest paid to such Luxembourg resident individual;

- (vi) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, in particular the principle to have a person other than the Issuer withhold or deduct the tax, including, without limitation, any paying agent;
- (vii) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note;
- (viii) by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU; or
- (ix) any combination of items (i) through (viii) above.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

(b) 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 that is imposed, assessed, levied or collected by reason of Section 1471 through 1474 of the Code (or any regulations promulgated thereunder or administrative interpretations thereof or agreement with any Relevant Jurisdiction relating thereto);
- (vi) 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.;
- (vii) 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;
- (viii) 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;
- (ix) 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;
- (x) where such withholding or deduction is imposed on a payment to an individual or a residual entity and (y) is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such Directive or (z) is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (xi) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, in particular the principle to have a person other than the Issuer withhold or deduct the tax, including, without limitation, any paying agent;
- (xii) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note;
- (xiii) by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU; or
- (xiv) any combination of items (i) through (xiii) above.

(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.

(c) Notes issued by ZIC

In the case of Notes issued by ZIC, all payments of principal and interest in respect of the Notes and Coupons issued by ZIC 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 thereof or any authority therein or thereof having power to tax or required pursuant to an agreement described in Section 1471(b) of the Code unless such withholding or deduction is required by law and/or by agreement of the Issuer or the Guarantor, as the case may be. In the event that 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 as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons 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 or Coupons, 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 or Coupon:

- (i) if Notes other than Restricted Notes are issued;
- (ii) presented for payment by or on behalf of a Noteholder or Couponholder which is liable to such taxes, duties, assessments or governmental charges in respect of that Note or Coupon by reason of it having some connection with the Relevant Jurisdiction other than the mere holding of that Note or Coupon;
- (iii) in respect of any U.S. federal withholding tax that is imposed, assessed, levied or collected by reason of Section 1471 through 1474 of the Code (or any regulations promulgated thereunder or administrative interpretations thereof or agreement with any Relevant Jurisdiction or the U.S. relating thereto);
- (iv) presented for payment more than 30 days after the Relevant Date (as defined in Condition 7(a) above), except to the extent that the relevant holder would have been entitled to payment of an additional amount or recalculated interest if it had presented its Note or Coupon 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;
- (v) where such withholding or deduction is imposed on a payment to an individual or a residual entity and (y) is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or (z) is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (vi) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, in particular the principle to have a person other than the Issuer withhold or deduct the tax, including, without limitation, any paying agent;
- (vii) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note;
- (viii) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to a Paying Agent in another Member State of the European Union;
- (ix) (if so specified in the applicable Pricing Supplement) if the payment could have been made to the relevant Noteholder or Couponholder without such withholding or deduction if it were a Qualifying Lender (as defined below), but on that date that Noteholder or Couponholder 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 or Couponholder 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;
- (x) if the payment could have been made without such withholding or deduction if the Noteholders had complied with Conditions 10(j) and 10(k) (if Condition 10(j) is expressed in the applicable Pricing Supplement to apply); or
- (xi) any combination of items (i) through (x) above.

As used in the Conditions:

“**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-2007) of 7 February 2007 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 7. Februar 2007*) 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.

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule (each as defined below).

“**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:

- (i) is initially a Permitted Non-Qualifying Lender (if any) specified in the applicable Pricing Supplement (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with the Conditions), or
- (ii) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 10(j)) of all but not some only of 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:
 - (a) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 10(j), provided that:
 - (A) within ten (10) 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:
 - (i) 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 (1) person only for purposes of the Non-Bank Rules; and
 - (ii) irrespective of whether a request is made in accordance with paragraph (a)(A)(i) 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 (1) person only for purposes of the Non-Bank Rules; and
 - (B) the Issuer, acting reasonably, shall confirm within ten (10) Business Days of notification of all facts (if a request in accordance with paragraph (a)(A)(i) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (a)(A)(ii) 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 (10th) Business Day after receipt hereof or thereof; and
 - (b) 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.

"Restricted Notes" means Notes issued by ZIC in accordance with Conditions 10(j) and 10(k).

"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.

"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 debenture (*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.

Under existing law, ZIC is obliged to withhold the Swiss federal withholding tax on any payment of interest in respect of a Note at the current rate of 35 per cent. On 17 December 2014 the Swiss Federal Council issued draft legislation, which, if enacted, would remove such obligation entirely. Instead, the obligation would be imposed on any paying agent in Switzerland (as defined in the proposed new law) but only if the payment of interest in respect of a Note were made to a beneficiary resident in Switzerland (subject to certain exceptions). In all other cases no withholding obligation would arise under the proposed new law.

8. Prescription

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. Events of Default

(a) Senior Notes

This Condition 9(a) is only applicable to Senior Notes.

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (subject, in the case of the happening of any of the events set out in Conditions 9(a)(ii), (iii), (v), (vi), (vii), (ix) and (x) (to the extent that it applies to Conditions 9(a)(v), (vi), (vii) and (x)) 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 to its satisfaction), give notice (the “**default notice**”) in writing to the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) that the Notes are immediately due and repayable if any of the following events (“**Events of Default**”) shall have occurred and be continuing:

- (i) there is a failure by the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) to pay principal or interest on any of the Notes when due and such failure continues for a period of fourteen days; or
- (ii) a default is made by the relevant Issuer or ZIC (where ZIC is not the relevant 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 relevant Issuer or ZIC, as the case may be, of notice requiring such default to be remedied; or
- (iii) if any other indebtedness of the relevant Issuer or ZIC (where ZIC is not the relevant 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 relevant Issuer or ZIC (where ZIC is not the relevant 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 relevant Issuer or ZIC (where ZIC is not the relevant 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 such Issuer or ZIC (where ZIC is not the relevant Issuer), shall amount to at least USD300,000,000 or its equivalent in other currencies; or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) be wound up or dissolved or the relevant Issuer or ZIC (where ZIC is not the relevant 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 of Noteholders or as a result of a Permitted Reorganisation; or
- (v) an encumbrancer or a person with similar functions appointed for execution (in Switzerland, a *Sachwalter* or *Konkursverwalter*) takes possession or a receiver is appointed of the whole or substantially the whole of the assets or undertaking of the relevant Issuer or ZIC (where ZIC is not the relevant 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 relevant Issuer or ZIC (where ZIC is not the relevant 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
- (vi) the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) is insolvent or bankrupt or unable to pay its debts as and when they fall due or the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) shall initiate or consent or become subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition, *Nachlassvertrag*, *faillite*, administration, examinership, or insolvency law or make a general assignment for the benefit of, or

enter into any composition with, its creditors or notifies the court of its financial situation in accordance with Article 725(2) of the Swiss Code of Obligations or enters into a moratorium (*Stundung*); or

- (vii) proceedings shall have been initiated against the relevant Issuer or ZIC (where ZIC is not the relevant 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
- (viii) if the relevant Issuer is ZF (Luxembourg), ZF (UK) or ZHCA, if the Senior ZIC Guarantee ceases to be, or is claimed by ZIC not to be, in full force and effect; or
- (ix) where ZIC is not the relevant Issuer, the relevant 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 of Noteholders; or
- (x) any event occurs which under applicable laws has an analogous effect to any of the events referred to in paragraphs (iv) to (vii) above.

(b) Subordinated Notes

This Condition 9(b) is only applicable to Dated Subordinated Notes and Undated Subordinated Notes.

(i) Events of Default for Dated Subordinated Notes and Undated Subordinated Notes

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (but, in each case, subject to the Trustee having been indemnified and/or secured to its satisfaction), give notice to the relevant Issuer and the Guarantor that the Notes are immediately due and repayable if any of the following events shall have occurred and be continuing:

- (a) subject to the provisions of Condition 4(d), there is a failure by the relevant 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 resolution is passed or an order of a court of competent jurisdiction is made that the relevant Issuer or the Guarantor be wound up or dissolved otherwise than for the purpose 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 of Noteholders or as a result of a Permitted Reorganisation.

(ii) Proceedings for Winding-up

If the Notes become due and repayable (whether pursuant to Condition 9(b)(i), Condition 6(c) or 6(d) or 6(e) or otherwise) and are not paid when so due and repayable, the Trustee may at its discretion participate in, but not itself institute, proceedings for the winding-up of the relevant Issuer and may take no further action to enforce the obligations of the relevant Issuer for payment of any principal or interest (including Arrears of Interest, if any) in respect of the Notes.

If the Guarantor fails to pay to the Trustee (pursuant to the relevant Subordinated ZIC Guarantee and the Trust Deed) an amount claimed under the relevant Subordinated ZIC Guarantee, the Trustee may at its discretion participate in, but not itself institute, proceedings for the winding-up of the Guarantor and may take no further action to enforce the obligations of the Guarantor under the relevant Subordinated ZIC Guarantee.

No payment in respect of the Notes may be made by the relevant Issuer pursuant to Condition 9(b)(i), nor will the Trustee accept the same, otherwise than during or after a winding-up of the relevant Issuer.

(iii) Enforcement

Without prejudice to Condition 9(b)(i) or (ii) above (including, for the avoidance of doubt, the Trustee's right to make a demand under the relevant Subordinated ZIC Guarantee), however, in the case of Restricted Notes, subject to Conditions 10(j) and 10(k), the Trustee may at its discretion and without further notice institute such proceedings against the relevant Issuer or, as the case may be, the Guarantor as it may think fit to enforce any obligation, condition or provision binding on the relevant Issuer or, as the case may be, the Guarantor under the Trust Deed, the Notes or the Coupons (other than any obligation for the payment of any principal or interest in respect of the Notes or the Coupons) provided that the relevant Issuer and the Guarantor shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(iv) Rights of Noteholders and Couponholders

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or, as the case may be, the Guarantor or to prove in the winding-up of the relevant Issuer or, as the case may be, the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders or Couponholder shall have only such rights against the relevant Issuer or, as the case may be, the Guarantor as those which the Trustee is entitled to exercise. Any such proceedings brought by any Noteholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder or Couponholder indemnifying the Trustee to its satisfaction.

(v) Extent of Noteholders' remedy

No remedy against the relevant Issuer or the Guarantor other than as referred to in this Condition 9(b), shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the relevant Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

In this Condition:

"Permitted Reorganisation" means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) under which:

- (a) the whole or a substantial part of the business, undertaking and assets of the relevant 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 Senior ZIC Guarantee or the Subordinated ZIC 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 Senior ZIC Guarantee or the Subordinated ZIC 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 relevant Issuer or (as the case may be) ZIC was subject immediately prior thereto.

10. Exchange of Notes, transfer of Registered Global Notes, interests in Reg. S Notes, Individual Registered Notes and Replacement of Notes, Coupons and Talons

(a) Exchange of Bearer Notes for Registered Notes

If so specified in the applicable Pricing Supplement, a Bearer Note in definitive form may be exchanged for Registered Notes of like aggregate nominal amount (in individual registered form) by submission of a duly completed request for exchange substantially in the form provided in the Agency Agreement (an **"Exchange Request"**), copies of which are available from the specified office of the Registrar or any Transfer Agent, together with the Definitive Bearer Note and all unmatured Coupons and Talons appertaining thereto, to a Transfer Agent at its specified office. Within five business days (being for this purpose, a day on which commercial banks and foreign exchange markets are open for business in the jurisdiction of the relevant Transfer Agent) of the request, in relation to Individual Registered Notes for which the Definitive Bearer Note is to be exchanged, the relevant Transfer Agent will authenticate (and in the case of an NGN, effectuate) and deliver, or procure the authentication (and in the case of an NGN, effectuation) and delivery of, at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the Exchange Request, the Individual Registered Note(s) of a like aggregate nominal amount to the Definitive Bearer Note(s) exchanged and will enter the exchange of the Definitive Bearer Note(s) in the Register maintained by the Registrar as of the date which is 40 days after the date on which any Temporary Global Note is issued (the **"Exchange Date"**).

Exchange Requests may not be presented on or after the Record Date (as defined in Condition 5(b)) in respect of any Interest Payment Date up to and including such Interest Payment Date. Interest on Individual Registered Notes issued on exchange will accrue as from the immediately preceding Interest Payment Date, as the case may be. No exchanges of Bearer Notes for Registered Notes or interests in Registered Global Notes will be permitted for so long as the Bearer Notes are represented by a Temporary Bearer Global Note.

(b) Exchange of interests in Registered Global Notes for Individual Registered Notes

Interests in a Reg. S Global Note will be exchangeable for Individual Registered Notes in the following limited circumstances: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business or does in fact do so and no alternative clearance system acceptable to the Trustee is available or (ii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of Noteholders under the Notes represented by such Registered Global Note, and the Trustee has been advised by counsel that in connection with such proceedings it is necessary or appropriate for the Trustee to obtain possession of Individual Registered Notes representing the Registered Global Note. Upon the occurrence of any of the events described in the preceding sentence, the relevant Issuer will cause the appropriate Individual Registered Notes to be delivered, provided that notwithstanding the above, no Individual Registered Notes will be issued until expiry of the applicable Distribution Compliance Period.

(c) Transfers of Registered Global Notes

Transfers of a Registered Global Note shall be limited to transfers of such Registered Global Note, in whole but not in part, to a nominee of Euroclear or Clearstream, Luxembourg or to a successor of any of them or such successor's nominee.

(d) Transfers of interests in Reg. S Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of an interest in, a Reg. S Note to a transferee in the U.S. will only be made pursuant to the U.S. Securities Act or an exemption therefrom, subject to receipt by the relevant Issuer of such satisfactory evidence as such Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance and in accordance with the applicable securities laws of the U.S. or any state of the U.S. or any other jurisdiction.

After expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

(e) Exchanges and transfers of Registered Notes generally

Registered Notes may not be exchanged for Bearer Notes.

Transfers of interests in Reg. S Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in a Reg. S Global Note will be transferable and exchangeable for Individual Registered Notes or for an interest in another Reg. S Global Note only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg (the "**Applicable Procedures**").

Upon the terms and subject to the conditions set forth in the Agency Agreement, an Individual Registered Note may be transferred in whole or in part (in the authorised Denominations set out in the applicable Pricing Supplement) by the holder or holders surrendering the Individual Registered Note for registration of the transfer of the Individual Registered Note (or the relevant part of the Individual Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the relevant Issuer and the Registrar, or as the case may be, the relevant Transfer Agent may with the prior approval of the Trustee prescribe, including any restrictions imposed by the relevant Issuer on transfers of Registered Notes in individual form originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Individual Registered Note of a like aggregate nominal amount to the Registered Note (or the relevant part of the Individual Registered Note) transferred. In the case of the transfer of part only of an Individual Registered Note, a new Individual Registered Note in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of an Individual Registered Note for an interest in, or to a person who takes delivery of such Individual Registered Note through, a Reg. S Global Note will be made no later than 60 days after the receipt by the Registrar or as the case may be, relevant Transfer Agent of the Individual Registered Note to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

(f) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 6(e), the relevant Issuer shall not be required:

- (i) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the date on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(g) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered during the period of 30 days ending on the due date for any payment of principal or interest on that Note.

(h) Costs of exchange or registration

The transfer of a Note will be effected without charge by or on behalf of the relevant Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require from the Noteholder in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) Replacement of Notes, 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 Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of an Individual Registered Note, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 13, 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 relevant Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

(j) Restrictions on Transfer of Certain Notes

- (i) In the case of Notes issued by ZIC, if the applicable Pricing Supplement designates the Notes as Restricted Notes, (but not otherwise) the provisions of this Condition 10(j) 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) 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 10(j) 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 forth the applicable transfer restrictions provided for in this Condition 10(j).

- (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 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 10(j).

- (v) Subject to this Condition 10(j), 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 10(j)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Restricted Notes and otherwise have any contractual relationship with, or rights against, the Issuer under or in relation to, the Restricted Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 10(k) shall not constitute a transfer of an interest under the Restricted Notes for the purposes of this Condition 10(j).

- (vi) As of the Issue Date and for so long as the 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 if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set forth in this Condition 10(j) or in Condition 10(k).

(k) Grants of Security

If the applicable Pricing Supplement provides that the Notes are Restricted Notes, then the following provisions of this Condition 10(k) shall apply but not otherwise. 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 10(j); 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 Agent and the 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 upon 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 10(j); 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.

11. Agent, Paying Agents, Transfer Agents and Registrar

The names of the initial Agent, the other initial Paying Agents, the initial Registrar and the initial Transfer Agents and their initial specified offices are set out below.

The relevant Issuer and ZIC (where ZIC is not the relevant Issuer) are, with the prior written approval of the Trustee (such approval not to be unreasonably withheld), entitled to vary or terminate the appointment of any Paying Agent or Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrars, Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Registrar or Transfer Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe;
- (iii) there will at all times be an Agent and a Registrar;
- (iv) there will at all times be a Transfer Agent having a specified office in a place approved by the Trustee; and
- (v) the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) undertake that they will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive.

In addition, the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the penultimate paragraph of Condition 5(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or where the Paying Agent is not, or ceases to be, a FATCA Compliant Entity, when it shall be of immediate effect) after not less than 30 or more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

Notwithstanding the foregoing, the relevant Issuer will in respect of any Listed Swiss Franc Notes at all times maintain a Principal 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.

As used herein:

"FATCA Compliant Entity" means a person payments to whom are not subject to FATCA Withholding; and

"FATCA Withholding" means any amount required to be withheld or deducted pursuant to the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions and any regulations and official guidance issued thereunder) pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service.

12. Exchange of Talons

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (as the case may be) on which the final Coupon of the relative Coupon sheet matures.

13. Notices

All notices regarding the Bearer Notes shall be published (i) if and for as long as such Bearer Notes are in definitive bearer form in a leading English language daily newspaper of general circulation in London, (ii) if and for so long as such Bearer Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require on the website of the Luxembourg Stock Exchange (www.bourse.lu) in Luxembourg, (iii) (in the case of Listed Swiss Franc Notes) in a leading newspaper of general circulation in Switzerland which is expected to be the *Feuille Officielle Suisse du Commerce* and in a daily newspaper in each of Zurich and Geneva. It is expected that such publication will be made (in the case of (i) above) in the Financial Times in London or any other daily newspaper in London approved by the Trustee or, if this is not possible, in another English language daily newspaper approved by the Trustee with general circulation in Europe and (in the case of (ii) above) the website of the Luxembourg Stock Exchange (www.bourse.lu). The relevant 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 or, where required to be published in more than one newspaper, on the first date on which publication in all the required newspapers has been made. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the relative Noteholders in accordance with this Condition.

All 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 shall be deemed to have been given on the fourth day after the day on which it is mailed. If and for so long as the relevant Registered Notes are listed on the Luxembourg Stock Exchange, and the rules of that exchange so require, all notices regarding Registered Notes shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and in addition, for so long as any Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a notice will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent and/or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and/or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver, Entitlement of Trustee, Substitution, Change and Indemnification of Trustee

(a) Single Noteholder

In relation to any Restricted Notes so long as there is only one Noteholder thereof, who shall certify to the Trustee that it is the sole Noteholder of the Notes and is not holding such Notes as a depositary for, or nominee of, Euroclear, Clearstream, Luxembourg on or prior to any such amendment, waiver or variation being made (i) no amendment, waiver or variation of the Notes or the Trust Deed may be made without the prior written consent of such Noteholder and parties to the Trust Deed and (ii) the meeting, quorum and voting provisions of Conditions 14(b) shall not apply.

(b) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of such Notes, the relative Coupons or any relevant provisions of the Trust Deed. Such a meeting may be convened by the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee or at the request of Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Trust Deed, the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons), the quorum shall be one or more persons holding or representing more than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on relevant Couponholders. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent in nominal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. The provisions for convening meetings of Noteholders contained in the Trust Deed shall not apply to Listed Swiss Franc Notes.

The provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Notes issued by ZIC.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions as provided in the Trust Deed) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or may (in relation to the Events of Default set out in Condition 9(a)(ii), (iii), (v), (vi), (vii) and (x) (to the extent it applies to Conditions 9(a)(v), (vi) and (vii)) determine that any condition, event or act which, but for such determination, would constitute an Event of Default or Potential Event of Default (as defined in the Trust Deed), shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification of any of these Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, the Coupons or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except, in the case of the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), to the extent provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders or the Couponholders, to the substitution at any time or times of any other company in the place of the relevant Issuer as the principal debtor under the Trust Deed and the Notes and Coupons issued by the relevant Issuer. Notwithstanding the above, by subscribing to or purchasing the Notes, the Noteholders expressly consent to the substitution of the relevant Issuer and expressly consent to the release of the Issuer from any and all obligations in respect of the Notes and are deemed to have expressly accepted such substitution. Such agreement shall be subject to the relevant provisions of the Trust Deed, including, except in the case of a substituted issuer domiciled in Luxembourg where appropriate, an irrevocable and unconditional guarantee by ZIC in terms substantially similar to those referred to in Condition 3(a) in respect of any Notes issued by the substituted issuer.

The Trust Deed contains general provisions for the retirement and removal of the Trustee and the appointment by the relevant Issuer of a substitute issuer which has previously been approved by the Trustee.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

For the avoidance of doubt, the provisions of articles 86 to 94-8 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 98 of the Companies Act 1915.

Notwithstanding any provision to the contrary in these Conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of ZF (Luxembourg) to amend the corporate objects of ZF (Luxembourg), to change the legal form of ZF (Luxembourg) or its nationality and/or to increase the commitments of shareholders of ZF (Luxembourg) must be approved by a resolution of the holders of Notes issued by ZF (Luxembourg). Such resolution of the holders of Notes issued by ZF (Luxembourg) may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the Companies Act 1915, as long as any such specific requirements exist under the Companies Act 1915.

15. Enforcement

- (a) Subject to the provisions of Condition 9(b) in the case of Subordinated Notes, the Trustee may at any time, at its discretion and without notice, however, in the case of Restricted Notes, subject to Conditions 10(j) and 10(k), take such proceedings against the relevant Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of not less than 25 per cent in principal amount of the Notes then outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction.
- (b) No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the relevant Issuer or, as the case may be, the Guarantor as those which the Trustee is entitled to exercise. Any such proceedings brought by any Noteholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder or Couponholder indemnifying the Trustee to its satisfaction.

16. Further Issues

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for 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.

17. Governing Law and Submission to Jurisdiction

- (a) The Trust Deed (other than (i) the provisions relating therein to the Senior ZIC Guarantee and the Subordinated ZIC Guarantee which shall be governed by, and construed in accordance with the laws of Switzerland and (ii) the provisions relating therein to subordination of Subordinated Notes which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Subordinated Notes), the Notes, (other than the provisions relating to Subordinated Notes of Condition 2 which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Subordinated Notes) and the Coupons 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 relevant Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee, the Noteholders and the Couponholders, 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/or the Coupons and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes and the Coupons may be brought in such courts.
- (c) The relevant 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 shall limit any right to take Proceedings against the relevant Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

- (e) The relevant 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.
- (f) Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (g) In respect of Listed Swiss Franc Notes only, the relevant Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders and the Couponholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (h) Each of the Senior ZIC Guarantee and the Subordinated ZIC Guarantee are governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of each Senior ZIC Guarantee or each Subordinated ZIC Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note or the Trust Deed under the United Kingdom Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE CAPITAL NOTES

*The following, save for the paragraphs in italics, are the Terms and Conditions of the Capital Notes which will be endorsed on each Global Note and each Definitive Bearer Note or Individual Registered Note, in the case of a Definitive Bearer Note or Individual Registered Note only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue and if so permitted and agreed, such Definitive Bearer Note or Individual Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and each Definitive Bearer Note or Individual Registered Note. Reference should be made to “**Form of the Notes and the Capital Notes**” above for a description of the content of the applicable Pricing Supplement which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation in the relevant Capital Notes.*

This Capital Note is one of a Series (as defined below) of Capital Notes issued by Zurich Insurance Company Ltd (“**ZIC**”) or Zurich Holding Company of America, Inc. (“**ZHCA**”, and together with ZIC, the “**Issuers**” and each, an “**Issuer**”) and references in these Terms and Conditions to the “**relevant Issuer**” shall be to the issuer of the Capital Notes named in the applicable Pricing Supplement (as defined below), constituted by an amended and restated trust deed (as further modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 27 May 2015 made between, *inter alia*, the Issuers, Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include any successor as trustee). ZIG is a party to the Trust Deed for the purposes of giving certain undertakings expressed to be given by it in these Terms and Conditions.

References herein to the “**Capital Notes**” shall be references to the Capital Notes of this Series and shall mean:

- (i) in relation to any Capital Notes represented by a Global Note (which expression shall include any Temporary Global Note or Permanent Global Note or Permanent Global SIS Note or Reg. S Global Note, all as defined in the Trust Deed), units of the lowest Specified Denomination in the Specified Currency;
- (ii) in relation to any Capital Notes in definitive bearer form (“**Definitive Bearer Notes**”) issued in exchange for an interest or interests in a Global Note in bearer form (“**Bearer Global Note**”), units of the lowest Specified Denomination in the Specified Currency; and
- (iii) in relation to Individual Registered Notes either issued as such or issued in exchange for a Reg. S Global Note, units of the lowest Specified Denomination in the Specified Currency.

The Pricing Supplement for this Capital Note (or the relevant provisions thereof) is attached to or endorsed on this Capital Note and supplements these Terms and Conditions. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Capital Note.

The Capital Notes and the Coupons (as defined below) are the subject of an amended and restated agency agreement (the “**Agency Agreement**” which expression shall, where the context permits, include any supplements or amendments thereto and any agency agreement relating to Listed Swiss Franc Capital Notes as referred to in Condition 6(e)) dated 27 May 2015 and made between, *inter alia*, the Issuers, Citibank, N.A. as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent specified in the applicable Pricing Supplement), the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Banque Internationale à Luxembourg as listing agent (the “**Luxembourg Listing Agent**”), the registrars named therein (each, a “**Registrar**”, which expression shall include any additional or successor registrar), the transfer agents named therein (the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents) and the Trustee.

Definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Registered Notes do not have Coupons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Capital Notes (the “**Noteholders**”) in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed, the Agency Agreement, any applicable Capital Notes Guarantee (as defined below) and the applicable Pricing Supplement are available for inspection during normal business hours at the principal London office for the time being of the Trustee (being at the date of the Trust Deed at Citicorp Trustee Company Limited, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom) and are available at the specified office of each of the Agent, the other Paying Agents, the Registrar and the Transfer Agents save that, if this Capital Note is an unlisted Capital Note of any Series,

the applicable Pricing Supplement will only be available for inspection at the principal London office of the Agent by a Noteholder holding one or more unlisted Capital Notes of that Series and such Noteholder must produce evidence satisfactory to the Agent as to its holding of Capital Notes and as to its identity. The Noteholders and the holders of the Coupons (the “**Couponholders**”) are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed, the applicable Capital Notes Guarantee and the applicable Pricing Supplement, and are deemed to have notice of, and be bound by, the provisions of the Agency Agreement which are applicable to them.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of any inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Capital Notes are either in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) as specified in the applicable Pricing Supplement and, in the case of Definitive Bearer Notes or Individual Registered Notes, serially numbered, in the Specified Currency and the Specified Denomination(s) specified in the applicable Pricing Supplement. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

This Capital Note is a Fixed Rate Capital Note, a Floating Rate Capital Note each as defined in the applicable Pricing Supplement, or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Capital Note is a Listed Swiss Franc Capital Note if it is denominated or payable in Swiss francs and listed on the SIX Swiss Exchange and the applicable Pricing Supplement so states.

Each Listed Swiss Franc Capital Note will be represented exclusively by a Permanent Global SIS Note 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 Capital 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 Capital Notes represented thereby will constitute intermediated securities (*Bucheffekten*) within the meaning of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) (the “**Intermediated Securities**”). The Permanent Global SIS Note will be exchangeable for definitive Capital Notes in whole but not in part only if the Swiss paying agent should, after consultation with the relevant Issuer, deem the printing of definitive Capital Notes to be necessary or useful, or if the presentation of definitive Capital Notes 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 definitive Capital Notes issued; holders of Listed Swiss Franc Capital Notes will not have the right to effect or demand the exchange of the Permanent Global SIS Note representing such Listed Swiss Franc Capital Notes into, or delivery of, Notes in definitive or uncertificated form. If definitive Capital Notes are delivered, the relevant Permanent Global SIS Note will be immediately cancelled by the Swiss paying agent and the definitive Notes shall be delivered to the relevant holders against cancellation of the relevant Listed Swiss Franc Capital 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 Capital 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 Capital Notes represented thereby constitute Intermediated Securities), the co-ownership interest is suspended and the Capital Notes represented thereby may only be transferred by the entry of the transferred Capital Notes in a securities account of the transferee. For so long as Capital Notes constitute Intermediated Securities, as a matter of Swiss law, (i) the records of the Intermediary will determine the number of Capital Notes held through each participant of the Intermediary and (ii) the holders of such Capital Notes will be the persons holding such Capital 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.

Each Tranche of Bearer Notes may be initially represented by a temporary Global Note without Coupons or Talons (a “**Temporary Global Note**”) or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a “**Permanent Global Note**”), which will be delivered to the common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A., Luxembourg (“**Clearstream, Luxembourg**”). On or after the end of the period that ends 40 days after completion of the distribution of each Tranche of Capital 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**”), the Temporary Global Note will be exchangeable upon a request as described therein either for interests in a Permanent Global Note without Coupons or Talons or for Definitive Bearer Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Bearer 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. Each Tranche of Bearer Notes may also be initially represented by a Permanent Global SIS Note (as defined in the Trust Deed). Unless otherwise specified in the applicable Pricing Supplement, a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, Coupons and Talons attached (i) if a Dissolution Event (as defined in Condition 10) occurs in respect of any Capital

Note, (ii) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (weekends and public holidays excepted) or announces an intention to cease business permanently or in fact does so and no alternative clearing system satisfactory to the Trustee is available or (iii), if so specified in the applicable Pricing Supplement, at the option of the Noteholder, provided that, in the case of an issue of Capital Notes with a minimum denomination of EUR 100,000 (or the equivalent thereof in the currency in which such issue of Notes is denominated as determined on the date of issue of such Notes) and smaller integral multiples thereof only exchange events (i) or (ii) above will apply.

Any Bearer Note issued by ZHCA will be issued so as to be in “registered form” for U.S. federal income tax purposes. In order to meet U.S. federal income tax requirements for Temporary Global Notes or Permanent Global Notes to be 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 Bearer Global Note 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 Bearer Global Note 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, Bearer Global Notes are also subject to restrictions as to the circumstances under which Definitive Bearer Notes 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 Definitive Bearer Notes with, where applicable, Coupons and Talons attached (i) if a Dissolution Event (as defined in Condition 10) occurs in respect of any Capital Note or (ii) if Euroclear or Clearstream, Luxembourg 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 Definitive Bearer Note 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 Definitive Bearer Note has actually been exercised.

With respect to a particular Series of Registered Notes, the Registered Notes of each Tranche sold outside the U.S. in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), will, unless otherwise specified in the applicable Pricing Supplement, be represented by a permanent global Note in registered form, without Coupons or Talons, (the “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 and Clearstream, Luxembourg. Capital Notes in individual registered form (“Individual Registered Notes”) issued in exchange for Reg. S Global Notes or otherwise sold or transferred in reliance on Regulation S under the U.S. Securities Act, together with the Reg. S Global Notes, are referred to herein as “Reg. S Notes”. Prior to expiry of the Distribution Compliance Period interests in a Reg. S Global Note may be held only through Euroclear or Clearstream, Luxembourg.

Individual Registered Notes from the date of issue may, if specified in the applicable Pricing Supplement, be issued in reliance on Regulation S under the U.S. Securities Act.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon the registration of transfers in accordance with the Agency Agreement and the Trust Deed. The relevant Issuer, the Trustee, the Agent, any Paying Agent, the Registrar, and any Transfer Agent may (subject to applicable laws or as otherwise ordered by a court of competent jurisdiction or an official authority) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof for all purposes (whether or not it is overdue and notwithstanding any notice of ownership, trust or any interest in it, any writing on it or on the related Individual Registered Note or notice of any previous loss or theft of it) and no person will be liable for so treating the holder.

No person shall have any right to enforce any term or condition of this Capital Note or the Trust Deed under the United Kingdom Contracts (Rights of Third Parties) Act 1999.

Capital Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

References in these Terms and Conditions to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including SIS) approved by the relevant Issuer, the Trustee and the Agent and specified in the applicable Pricing Supplement.

2. Status of the Capital Notes

The Capital Notes and the relative Coupons constitute direct, subordinated and unsecured obligations of the relevant Issuer and rank *pari passu*, without any preference, among themselves. The claims of the holders of Capital Notes and relative Coupons rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the relevant Issuer:

- (i) after the claims of any (in the case where the relevant Issuer is ZIC) ZIC Senior Creditors or (in the case where the relevant Issuer is ZHCA) ZHCA Senior Creditors (as defined below);

- (ii) *pari passu* with the claims (a) of the holders of other Undated Capital Notes (as defined in Condition 7(a) below) and Dated Capital Notes (as defined in Condition 7(a) below) of the relevant Issuer; (b) of other creditors of the relevant Issuer whose claims rank or are expressed to rank *pari passu* with the claims of the Noteholders of such Issuer; and (c) (in the case where ZIC is the relevant Issuer) of any beneficiaries under any Capital Notes Guarantee (as defined below) (“**Parity Obligations**”, and “**Parity Obligation**” shall be construed accordingly); and
- (iii) prior to the claims of the holders of all classes of issued shares in the share capital of the relevant Issuer.

For the avoidance of doubt, the obligations of ZIC under the subordinated support agreements entered into in connection with the enhanced capital advantaged preferred securities (ECAPS) issued by ZFS Finance (USA) Trust II and the Trust Preferred Securities issued by ZFS Finance (USA) Trust V and the obligations of ZIC under the U.S.\$500m 8.250 per cent Perpetual Reset Capital Notes and under the CHF200m 2.75 per cent Perpetual Capital Notes each constitute Parity Obligations of ZIC.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the relevant Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings on each Capital Note, subject to the subordination provisions set out in this Condition 2, an amount equal to the principal amount of such Capital Note together with unpaid Deferred Interest (as defined in Condition 4(c)) (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

Notwithstanding the preceding paragraph, if the applicable Pricing Supplement specifies that Solvency Deferred Interest Limitation is applicable, then the amount payable in respect of Deferred Interest in the circumstances described in such paragraph shall be reduced by an amount equal to the Relevant Excess Solvency Deferred Interest.

As used herein “**ZIC Senior Creditors**” means (i) Senior Creditors and holders of Subordinated Notes (each as defined in Schedule 1 Part A to the Trust Deed) and (ii) creditors of ZIC in respect of a ZIC Subordinated Guarantee (as defined in the Trust Deed) or in respect of other actual or contingent obligations (including claims of holders of insurance policies issued by ZIC), whether outstanding at the Issue Date or subsequently incurred, other than any obligation as to which, in the instrument creating or evidencing the obligation or pursuant to which the obligation is outstanding, it is expressly provided that such obligation ranks *pari passu* with, or junior to, the Capital Notes issued by ZIC and/or any Parity Obligations of ZIC.

As used herein “**ZHCA Senior Creditors**” means (i) all unsubordinated creditors of ZHCA, (ii) all creditors of ZHCA whose claims are subordinated by operation of law or pursuant to their terms to the claims of the unsubordinated creditors of ZHCA, except those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the Noteholders of the Capital Notes issued by ZHCA, and (iii) all creditors of ZHCA in respect of all other actual or contingent obligations (including claims of holders of insurance policies issued by ZHCA), whether outstanding at the Issue Date or subsequently incurred, other than any obligation as to which, in the instrument creating or evidencing the obligation or pursuant to which the obligation is outstanding, it is expressly provided that such obligation ranks *pari passu* with, or junior to, the Capital Notes issued by ZHCA and/or any Parity Obligations of ZHCA.

Subject to applicable law, neither the Trustee nor any Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the relevant Issuer and/or, as appropriate the Guarantor (as defined below) arising under or in connection with the Capital Notes and/or, as appropriate the Capital Notes Guarantee (as defined below) against any claim that the relevant Issuer and/or (as appropriate) the Guarantor may have against the Noteholder and each such Noteholder shall, by virtue of being the Noteholder of any of the Capital Notes, be deemed to have waived all such rights of set-off.

No security of whatever kind is, or will at any time be, provided by the relevant Issuer or any other person securing the rights of the Noteholders under the Capital Notes. No agreement may defeat the subordination pursuant to the provisions set out in this Condition 2 or shorten any applicable notice period in respect of the Capital Notes as provided in these Conditions. If the Capital Notes are redeemed in breach of Condition 7(a) (if applicable), (b), (c) or (d), the amounts so paid to any Noteholder must be repaid to the relevant Issuer by such Noteholder irrespective of any agreement to the contrary, unless (x) the relevant Issuer has been dissolved or (y) such amounts have been replaced by regulatory capital qualifying for the same regulatory (sub-) category or equivalent thereof or (z) if FINMA or any Successor Authority (each as defined below) applicable at the time has given its prior written consent (if necessary) to the redemption.

The subordination provisions of this Condition 2 which are governed by, and shall be construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Capital Notes, are irrevocable.

As used herein:

“**FINMA**” means the Swiss Financial Market Supervisory Authority FINMA in Switzerland.

“**Relevant Excess Solvency Deferred Interest**” means the amount by which any Relevant Solvency Deferred Interest which has not been settled through the application of the APM Settlement (as referred to in Condition 4(e) below) exceeds 25 per cent of the Aggregate Nominal Amount of the Capital Notes (then outstanding).

“Relevant Solvency Deferred Interest” means Solvency Deferred Interest arising only by reason of limb (iii) of the definition of Solvency Event.

“Successor Authority” means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over ZIC and/or the Zurich Insurance Group.

3. Capital Notes Guarantee

Where the relevant Issuer of Capital Notes is ZHCA, the payment of principal and interest in respect of the Capital Notes (together with any additional amounts payable under Condition 8 and all other moneys payable under the Trust Deed) up to a specified maximum amount has been unconditionally and irrevocably guaranteed on a subordinated basis by ZIC (in its capacity as guarantor of the Capital Notes Guarantee, the **“Guarantor”**) pursuant to a guarantee agreement dated the issue date of the relevant Tranche of the Capital Notes (the **“Capital Notes Guarantee”**). Each Capital Notes Guarantee provides that the Guarantor will, within seven days of receipt by it of notice from the Trustee confirming that a payment referred to in the preceding sentence has become due and remains unpaid, make such payment, provided that such notice from the Trustee shall, however, not be submitted to the Guarantor before seven days have passed since the due date on which such amount due under the relevant Tranche of the Capital Notes or the Trust Deed should have been paid. The Capital Notes Guarantee, which is governed by Swiss law, is limited to the maximum amount stated in the relevant Capital Notes Guarantee. The obligations of the Guarantor under the Capital Notes Guarantee in respect of the Capital Notes issued by ZHCA constitute direct, subordinated and unsecured obligations of the Guarantor. Claims in respect of the Capital Notes Guarantee will, in the event of a winding-up, liquidation, dissolution or other similar proceedings of the Guarantor (like **“Nachlassstundung”**), rank *pari passu* with the claims of holders of Capital Notes issued by the Guarantor as described in Condition 2.

4. Deferral or Cancellation of Interest

(a) Solvency Event

Condition 4(a) shall only apply in respect of a Capital Note where the applicable Pricing Supplement specifies that Solvency Event is applicable.

If Solvency Event is specified in the applicable Pricing Supplement as being applicable and a Solvency Event has occurred and is continuing as at the relevant Determination Date, then, in relation to any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date the relevant Issuer shall (if the applicable Pricing Supplement specifies the Capital Note as being Cumulative in relation to a Solvency Event) defer, or (if the applicable Pricing Supplement specifies the Capital Note as being Non-Cumulative in relation to a Solvency Event) cancel such Interest Payment, and shall defer or, as applicable, cancel the relevant Solvency Shortfall if, were the relevant Issuer to make payment of the relevant Interest Payment, a Solvency Event would as at the date of such payment occur, in any such case except that the relevant Issuer will not be required to defer or, as applicable, cancel such Interest Payment or Solvency Shortfall, as the case may be, if FINMA or any Successor Authority applicable at the time has given its consent to such payment.

Noteholders shall have no entitlement to, or claim for, any Interest Payment or Solvency Shortfall cancelled pursuant to this Condition 4(a) and, for the avoidance of doubt, such amount shall not constitute Deferred Interest (as defined below) hereunder and such cancellation shall not constitute a Dissolution Event by the relevant Issuer or any other breach or default under the Capital Notes or for any other purpose and Noteholders shall not have any claim under any Capital Notes Guarantee in respect of any Interest Payment or Solvency Shortfall cancelled pursuant to this Condition 4(a).

Any Interest Payment or Solvency Shortfall deferred pursuant to this Condition 4(a) is referred to herein as **“Solvency Deferred Interest”**.

The relevant Issuer or ZIG, shall give notice of any such deferral or cancellation to the Trustee (together with the certificate of the occurrence of a Solvency Event and as to the quantum of any Solvency Shortfall referred to below), the Agent and to the Noteholders in accordance with Condition 14 not less than seven days prior to the relevant Interest Payment Date.

A certificate as to the occurrence of a Solvency Event, as to the quantum of any Solvency Shortfall, signed by two Authorised Officers of the relevant Issuer or ZIG, shall, in the absence of manifest error, be treated and accepted by the relevant Issuer, the Noteholders, the Trustee, the Couponholders and all other interested parties as correct and sufficient evidence thereof. The Trustee shall be entitled to rely upon such certification absolutely without liability to any person.

As used herein:

“Applicable Regulations” means, with respect to the Relevant Entity at any time, the regulatory capital requirements applicable to such entity and/or its group at such time including, but not limited to, Swiss 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 FINMA or any Successor Authority.

“**Assets**” means, where ZIC is specified in the relevant Pricing Supplement as being the Relevant Entity, ZIC’s consolidated total assets and, where ZIG is specified in the relevant Pricing Supplement as being the Relevant Entity, ZIG’s consolidated total assets, each as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Relevant Entity, or if the Relevant Entity is being liquidated, its liquidator.

“**Determination Date**” means, in respect of an Interest Payment Date, the 20th business day in Zurich preceding such date.

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date.

“**Liabilities**” means, where ZIC is specified in the applicable Pricing Supplement as being the Relevant Entity, ZIC’s consolidated total liabilities and, where ZIG is specified in the applicable Pricing Supplement as being the Relevant Entity, ZIG’s consolidated total liabilities, each as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Relevant Entity, or if the Relevant Entity is being liquidated, its liquidator.

“**Relevant Entity**” means ZIC and/or ZIG, as specified in the applicable Pricing Supplement.

A “**Restricted Payments Provision**” in any obligation is a provision in such obligation or any related transaction agreements providing for complete or partial prohibitions as to payment of distributions (or similar payments) on other securities that rank *pari passu* with, or junior to, such obligations for so long as distributions (or similar payments) on such obligations remain unpaid.

A “**Solvency Event**” shall be deemed to have occurred as at any date if as at such date:

- (i) the Relevant Entity does not at such date have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital (or a comparable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or
- (ii) if (A) ZIC is specified as the Relevant Entity in the applicable Pricing Supplement, it is unable to pay its debts owed to the ZIC Senior Creditors (as defined in Condition 2) as they fall due; or (B) ZIG is specified as the Relevant Entity in the applicable Pricing Supplement, it is unable to pay its debts owed to the ZIG Senior Creditors (as defined below) as they fall due; or
- (iii) the Relevant Entity’s Assets do not exceed its Liabilities (each as defined above) (other than liabilities to persons who are not ZIG Senior Creditors or, as applicable, ZIC Senior Creditors); or
- (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Relevant Entity that it has determined, in view of the financial and/or capital position of the Relevant Entity, that in accordance with Applicable Regulations at such time, the relevant Issuer must take specified action in relation to payments on the Capital Notes; or
- (v) the Relevant Entity’s auditors cannot give a confirmation pursuant to Article 725(2) of the Swiss Code of Obligations or any equivalent provision under applicable laws.

If ZIG is specified as the Relevant Entity in the Pricing Supplement, “**ZIG Senior Creditors**” means (i) all unsubordinated creditors of ZIG; and (ii) all creditors of ZIG whose claims are subordinated by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of ZIG but not further or otherwise.

“**Solvency Shortfall**” means the portion of interest that would cause a Solvency Event to occur or be continuing.

If Solvency Event is specified in the applicable Pricing Supplement as being not applicable, then solely in respect of Interest Payments and without prejudice to Condition 2, such Capital Notes rank senior to any existing or future obligations of the relevant Issuer (“**other obligations**”) that would otherwise have ranked *pari passu* with the Capital Notes, if and to the extent payment of such Interest Payments would otherwise be prohibited by any Restricted Payments Provision in such other obligations as a result of solvency event provisions with respect to such other obligations.

If payment of an Interest Payment is deferred or, as applicable, cancelled pursuant to Condition 4(a), the relevant Issuer shall not have any obligation to pay such Interest Payment on the relevant Interest Payment Date and the failure to pay such Interest Payment shall not constitute a Dissolution Event by the relevant Issuer or any other breach or default under the Capital Notes or for any other purpose.

(b) Mandatory Cancellation

Condition 4(b) shall only apply in respect of a Capital Note where the applicable Pricing Supplement specifies that Trigger Event is applicable.

If Trigger Event is specified in the applicable Pricing Supplement as being applicable and a Trigger Event has occurred and is continuing as at the relevant Determination Date, then, in relation to any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date, the relevant Issuer shall cancel the amount by which such Interest Payment exceeds the New Capital Amount per Capital Note outstanding at such time (the “**Trigger Event Shortfall**”). The relevant Issuer shall give notice of such cancellation and of the relevant Trigger Event Shortfall to the Trustee (together with the certificate referred to below), the Agent and to the Noteholders in accordance with Condition 14 not less than seven days prior to the relevant Interest Payment Date.

Noteholders shall have no entitlement to, or claim for, any Trigger Event Shortfall cancelled pursuant to this Condition 4(b) and, for the avoidance of doubt, such cancellation shall not constitute a Dissolution Event by the relevant Issuer or any other breach or default under the Capital Notes or for any other purpose and Noteholders shall not have any claim under any Capital Notes Guarantee in respect of any Trigger Event Shortfall cancelled pursuant to this Condition 4(b).

As used herein:

A “**Trigger Event**” shall be deemed to have occurred at any Determination Date as defined in Condition 4(a) if each of the following has occurred:

- (i) ZIG’s Trailing Four Quarters Consolidated Net Income Amount is not a positive amount for the four fiscal quarter periods ending on the last day of ZIG’s fiscal quarter that is two fiscal quarters prior to the most recently completed fiscal quarter before that Determination Date; and
- (ii) ZIG’s Adjusted Consolidated Shareholders’ Equity Amount as at the end of ZIG’s fiscal quarter that is two fiscal quarters prior to the most recently completed fiscal quarter before that Determination Date has declined by 10 per cent or more as compared to ZIG’s Adjusted Consolidated Shareholders’ Equity Amount at the end of the tenth fiscal quarter preceding ZIG’s most recently completed fiscal quarter before that Determination Date; and
- (iii) ZIG’s Adjusted Capital Amount as at the end of ZIG’s most recently completed fiscal quarter before that Determination Date has declined by 10 per cent or more as compared to ZIG’s Adjusted Consolidated Shareholders’ Equity Amount at the end of the tenth fiscal quarter preceding ZIG’s most recently completed fiscal quarter before that Determination Date.

A certificate as to the occurrence or continuation of a Trigger Event and as to the quantum of the relevant Trigger Event Shortfall, signed by two Authorised Officers of the relevant Issuer or ZIG and which sets out the relevant Issuer’s or ZIG’s determinations of the Trailing Four Quarters Consolidated Net Income Amount, the Adjusted Consolidated Shareholders’ Equity Amount and the Adjusted Capital Amount as at the dates aforesaid and that as a result, a Trigger Event shall have occurred shall, in the absence of manifest error, be treated and accepted by the relevant Issuer, ZIG, the Trustee, the Noteholders, the Couponholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certification absolutely without liability to any person.

“**Adjusted Capital Amount**” means the Adjusted Consolidated Shareholders’ Equity Amount plus Qualifying Mandatory Convertibles.

“**Adjusted Consolidated Shareholders’ Equity Amount**” means, as at any quarter end and subject to the adjustments referred to below, ZIG’s total consolidated shareholders’ equity excluding preferred securities, net unrealised gains (or losses) on investments and cumulative translation adjustments, as reflected on ZIG’s consolidated IFRS balance sheets as at such quarter end.

“**IFRS**” means, at any date and for any period, International Financial Reporting Standards as applied to, and reflected in, ZIG’s consolidated financial statements as at the relevant dates and for the relevant periods.

“**New Capital Amount**” means, at any date, the net proceeds received by the relevant Issuer or ZIG from new issuances (whether in one or more public offerings or private placements) and/or sales of ordinary shares, during the period commencing on the 180th day prior to such date and designated by the relevant Issuer or ZIG at or before the time of issuance as available to pay Interest Payments on the Capital Notes.

“**Qualifying Mandatory Convertible**” means, securities of ZIG or a subsidiary thereof (other than ordinary shares of ZIG) with (i) no prepayment obligation in respect of such securities on the part of the issuer thereof, whether at the election of the holders or otherwise, and (ii) a requirement that such securities convert into ordinary shares of ZIG within three years from the date of their issuance at a conversion ratio within a range established at the time of issuance of such securities.

“**Trailing Four Quarters Consolidated Net Income Amount**” means, for any fiscal quarter and subject to the adjustments referred to below, the sum of ZIG’s consolidated net income for the four fiscal quarters ending as at the last day of such fiscal quarter.

If the conditions for a Trigger Event are satisfied for any Determination Date, the cancellation of interest will continue until that Trigger Event has been deemed cured in the manner described below on a subsequent Determination Date. In addition, if additional Trigger Events are triggered on one or more subsequent Determination Dates before the initial Trigger Event is deemed

cured (as described below), the cancellation of interest on the Capital Notes will continue until each such subsequent Trigger Event has been deemed cured (as described below). After one or more Trigger Events have occurred or are continuing, the relevant Issuer may only begin to pay interest on the Capital Notes on any Interest Payment Date if on the relevant Determination Date (i) no new Trigger Event has occurred and (ii) all of the previous Trigger Events have been deemed cured (as described below).

A Trigger Event that was triggered on a prior Determination Date (the “**Previous Determination Date**”) will be deemed to be cured as at a later Determination Date if ZIG’s Adjusted Capital Amount as at its most recently completed fiscal quarter before that later Determination Date has increased, or has declined by less than 10 per cent, as compared to ZIG’s Adjusted Consolidated Shareholders’ Equity Amount as at the end of the originally specified benchmark fiscal quarter for that Previous Determination Date. All financial terms used in this Condition 4(b) will be determined in accordance with IFRS. If because of a change in IFRS that results in a change in accounting principles or a restatement, ZIG’s Adjusted Consolidated Shareholders’ Equity Amount as at a fiscal quarter end is higher or lower than it would have been absent such change, then for the purpose of the calculation described in the preceding sentence, ZIG’s Adjusted Consolidated Shareholders’ Equity Amount will be calculated on a pro forma basis as if such change had not occurred. Upon satisfaction of the conditions described in this paragraph, the relevant Issuer will provide a certificate, signed by two Authorised Officers of the relevant Issuer, certifying that such conditions have been met and the Trigger Event has been deemed to be cured and the Trustee shall be entitled to rely on such certification absolutely without liability to any person.

If Trigger Event is specified in the applicable Pricing Supplement as being not applicable, then solely in respect of Interest Payments and without prejudice to Condition 2, such Capital Notes rank senior to any existing or future obligations of the relevant Issuer (“**other obligations**”) that would otherwise have ranked *pari passu* with the Capital Notes, if and to the extent payment of such Interest Payments would otherwise be prohibited by any Restricted Payments Provision in such other obligations as a result of a Trigger Event Occurrence (as defined below) with respect to such other obligations.

A “**Trigger Event Occurrence**” with respect to any obligation is the mandatory deferral or cancellation of the payment of any distributions (or similar payments) on that obligation as a result of any event or condition specified in the provisions of such obligation or any related transaction agreements, including the suspension or the cancellation of the payment of any distributions (or similar payments) from any source other than a specific source of funds, but excluding any such mandatory deferral or cancellation purely as a result of solvency event provisions analogous to those in Condition 4(a).

(c) Optional Deferral or Cancellation

Condition 4(c) shall only apply in respect of a Capital Note where the applicable Pricing Supplement specifies that Optional Non-Payment is applicable.

In addition to the obligation of the relevant Issuer to defer or, as applicable, cancel interest in certain circumstances set out in, and in accordance with, Conditions 4(a) and 4(b), the relevant Issuer may elect (if the applicable Pricing Supplement specifies the Capital Note as being Cumulative in relation to Optional Non-Payment) to defer, or (if the applicable Pricing Supplement specifies the Capital Note as being Non-Cumulative in relation to Optional Non-Payment) to cancel in whole or in part any Interest Payment which is otherwise scheduled to be paid on an Optional Interest Payment Date (as defined below) by giving written notice of such election to the Trustee, the Agent and to the Noteholders in accordance with Condition 14 not less than seven days prior to the relevant Interest Payment Date. If so specified in the applicable Pricing Supplement, notwithstanding the other provisions of this Condition 4(c) but without prejudice to the provisions of Conditions 4(a) and 4(b) (as applicable), if as at any Optional Interest Payment Date FINMA or any Successor Authority no longer accords any regulatory capital credit to the Capital Notes under Applicable Regulations (as defined above) the relevant Issuer will only be allowed to exercise its option under this Condition 4(c) to defer payments of interest on the Capital Notes on such Optional Interest Payment Date for up to five years (a “**Fixed Term Deferred Interest Payment**”), and the relevant Issuer will only be allowed to exercise its option under this Condition 4(c) to cancel payments of interest on the Capital Notes on such Optional Interest Payment Date and each Optional Interest Payment Date falling in the period of five years following such first Optional Interest Payment Date, but not thereafter. Any Fixed Term Deferred Interest Payment shall fall due on the relevant APM Deferred Settlement Date, or, as applicable, Cash Deferred Settlement Date or, if earlier, the fifth anniversary of the Optional Interest Payment Date on which such payment was deferred.

Noteholders shall have no entitlement to, or claim for, any Interest Payment or, as appropriate, any part thereof cancelled pursuant to this Condition 4(c) and, for the avoidance of doubt, such sum shall not constitute Deferred Interest hereunder and such cancellation shall not constitute a Dissolution Event by the relevant Issuer or any other breach or default under the Capital Notes or for any other purpose and Noteholders shall not have any claim under any Capital Notes Guarantee in respect of any Interest Payment or, as appropriate, any part thereof cancelled pursuant to this Condition 4(c).

Any Interest Payment, or, as appropriate, any part thereof, deferred pursuant to this Condition 4(c), is referred to herein as “**Optionally Deferred Interest**” and, together with Solvency Deferred Interest, as “**Deferred Interest**”.

If payment of an Interest Payment, or as appropriate, any part thereof, is deferred pursuant to this Condition 4(c), the relevant Issuer shall not have any obligation to pay such Interest Payment, or as appropriate, part thereof on the relevant Optional Interest Payment Date and the failure to pay such Interest Payment, or as appropriate, part thereof on the relevant Optional Interest Payment Date shall not constitute a Dissolution Event by the relevant Issuer or any other breach or default under the Capital Notes

or for any other purpose and Noteholders shall not have any claim under any Capital Notes Guarantee in respect of any Interest Payment, or as appropriate, any part thereof, deferred pursuant to this Condition 4(c).

As used above, “**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon, but subject as provided in the next paragraph, (i) no dividend has been declared or paid on any class of share capital of ZIG; and (ii) (provided at the relevant time the existence of this requirement (ii) does not cause a Regulatory Event) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (a) on any securities issued or guaranteed by ZIC in its capacity as issuer or guarantor, respectively and the claims in respect of such securities or, as applicable, guarantee rank junior to, or *pari passu* with, the claims of Noteholders or, as applicable, the claims under any Capital Notes Guarantee; or (b) on any securities issued by ZHCA in its capacity as issuer and the claims in respect of such securities rank junior to, or *pari passu* with, the claims of Noteholders; or (c) on any securities issued or guaranteed by ZIG in its capacity as issuer or guarantor (unless, in each case aforesaid, such payment was compulsory on such securities or required due to the repayment of such securities).

Notwithstanding the immediately preceding paragraph, any Interest Payment Date which would otherwise not be an Optional Interest Payment Date by reason of one or more of the following events shall be treated as an Optional Interest Payment Date as a result of:

- (aa) 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;
- (bb) 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);
- (cc) the purchase of fractional interests in ZIG’s ordinary shares, pursuant to the conversion or exchange provisions of such ZIG ordinary shares, or the security being converted or exchanged;
- (dd) 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;
- (ee) 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
- (ff) payments of interest on any Parity Obligations (as defined in Condition 2(ii) in respect of the relevant Issuer) and the Capital Notes rateably and in proportion to the respective amounts as at such Interest Payment Date of (y) accrued and unpaid interest on such Parity Obligations, on the one hand, and (z) if applicable, Deferred Interest and any other accrued and unpaid interest on the Capital Notes, on the other hand.

(d) Payment Restrictions following Deferral or Cancellation

In the case of a Capital Note where the applicable Pricing Supplement specifies that this Condition 4(d) applies but not otherwise, the relevant Issuer and ZIG agree that if an Interest Payment has not been paid in full for an Interest Period by reason of Conditions 4(a), (b) or (c), then, subject as provided below, in the case of a Capital Note where the applicable Pricing Supplement provides that it is Cumulative with respect to events specified under Conditions 4(a), or (c), for so long as any such Deferred Interest remains outstanding and, in the case of a Capital Note where the applicable Pricing Supplement provides that it is Non-Cumulative with respect to events specified under Conditions 4(a) or (c), and in the case of a Capital Note where the relevant Interest Payment has been cancelled by reason of Condition 4(b), until the next payment of an Interest Payment in full, and in each case subject as provided below, (v) ZIG will not, nor will it permit any of its subsidiaries to, make any discretionary payment of principal, interest or premium, if any, on or repay, purchase or redeem any ZIG Subordinated Debt (as defined below); (w) ZIG will not, nor will it permit any of its subsidiaries to, make any discretionary guarantee payments with respect to any of its guarantees of the securities of any of its subsidiaries if such guarantee ranks *pari passu* with, or junior to, any ZIG Subordinated Debt; (x) ZIG will not, and will not permit any of its subsidiaries to, redeem, purchase or acquire, or make a liquidation payment with respect to, any of ZIG’s ordinary shares and any of its other capital stock that may then exist; (y) the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) will not, nor will it permit any of its subsidiaries to redeem any of its securities that rank *pari passu* with, or junior to, the Capital Notes; and (z) the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) will not, nor will it permit any of its subsidiaries to, make any discretionary guarantee payments with respect to any of its guarantees of the securities of any of its subsidiaries if such guarantee ranks *pari passu* with, or junior to, the Capital Notes.

As used herein “**ZIG Subordinated Debt**” means obligations of ZIG which rank or are expressed to rank junior to any senior, unsubordinated obligations of ZIG.

The restrictions set out above in this Condition 4(d) shall not apply to:

- (i) 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;
- (ii) 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);
- (iii) the purchase of fractional interests in ZIG's ordinary shares, pursuant to the conversion or exchange provisions of such ZIG ordinary shares, or the security being converted or exchanged;
- (iv) 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;
- (v) 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
- (vi) payments of interest on any Parity Obligations (as defined in Condition 2(ii) in respect of the relevant Issuer) and the Capital Notes rateably and in proportion to the respective amount of (aa) accrued and unpaid interest on such Parity Obligations, on the one hand, and (bb) if applicable, Deferred Interest and any other accrued and unpaid interest on the Capital Notes, on the other hand.

Further, the restrictions in (y) and (z) above shall not apply in the cases of (i) a Trigger Event in relation to Capital Notes where the securities otherwise ranking *pari passu* with the Capital Notes do not themselves contain a similar mandatory deferral or cancellation feature, (ii) where Intention Statement is applicable and the securities otherwise ranking *pari passu* with the Capital Notes themselves contain a Commercially Reasonable Efforts provision, (iii) a Solvency Event in relation to Capital Notes where the securities otherwise ranking *pari passu* with the Capital Notes do not themselves contain a substantially similar solvency event, (iv) interest becoming mandatorily due on such securities due to a provision analogous to provisions in Condition 4(e) below or otherwise where the terms of such securities do not permit the deferral of interest, or (v) at maturity of such securities. In the event of any of (i) to (iv) of this paragraph being applicable, the relevant Issuer, ZIC (where ZIC is not the relevant Issuer) and ZIG will each provide a certificate signed by two Authorised Officers to the Trustee, the Agent and the Noteholders certifying which of (i) to (iv) above applies and that, as a result, the restrictions in (y) and (z) shall not apply which the Trustee shall rely on absolutely without liability to any person.

For the avoidance of doubt, Deferred Interest does not itself bear interest.

(e) Settlement of Deferred Interest

If the applicable Pricing Supplement specifies that Cash Settlement is applicable, the relevant Issuer may (subject as provided below) elect at any time upon the expiry of not less than seven days' written notice to such effect given by the relevant Issuer to the Trustee, the Agent and, in accordance with Condition 14, the Noteholders, to pay in cash in whole or in part any Deferred Interest. However, any outstanding Deferred Interest will (subject as provided below) become immediately due and payable in cash in full (or in the case where limb (iv) of the definition of APM Deferred Settlement Date is specified as applying as part of the definition of Cash Deferred Settlement Date, on a proportionate basis) upon the Cash Deferred Settlement Date (as defined below).

Notwithstanding the foregoing, Deferred Interest shall only be due and payable if at the relevant time the prior written approval of FINMA or any Successor Authority to such payment has been given (if such approval is required under Applicable Regulations at the relevant time). If on the Cash Deferred Settlement Date no prior written approval as aforesaid has been given (if such approval is required under Applicable Regulations at the relevant time), the relevant Deferred Interest will be due and payable promptly following the obtaining of such written approval (if such approval is required under Applicable Regulations at the relevant time) and the giving of not more than 30 nor less than 15 days' notice to such effect by the relevant Issuer to the Trustee and to Noteholders in accordance with Condition 14. References herein to "**Cash Deferred Settlement Date**" shall be construed accordingly to refer to such later date for payment.

If the applicable Pricing Supplement specifies that APM Settlement is applicable, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG may (subject as provided below in relation to Deferred Interest) elect at any time upon the expiry of not less than seven days' written notice to such effect given by the relevant Issuer to the Trustee, the Agent and, in accordance with Condition 14, the Noteholders, to use their commercially reasonable efforts to satisfy in whole or in part any Deferred Interest utilising the APM (as defined below) (subject to the limitations and conditions applicable to the APM) and, unless Deferred Interest has already been satisfied pursuant to the APM or cancelled in accordance with the applicable Pricing

Supplement, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall (subject as provided below in relation to Deferred Interest) use their commercially reasonable efforts to apply the APM (subject to the limitations and conditions applicable to the APM) to satisfy all (or, in the case where limb (iv) of the definition of APM Deferred Settlement Date applies, on a proportionate basis) of the outstanding Deferred Interest upon the APM Deferred Settlement Date (as defined below).

If the applicable Pricing Supplement specifies that APM Settlement is applicable in respect of Relevant Solvency Deferred Interest only, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG may (subject as provided below in relation to Relevant Solvency Deferred Interest) elect at any time upon the expiry of not less than seven days' written notice to such effect given by the relevant Issuer to the Trustee, the Agent and, in accordance with Condition 14, the Noteholders, to use their commercially reasonable efforts to satisfy in whole or in part any Relevant Solvency Deferred Interest utilising the APM (as defined below) (subject to the limitations and conditions applicable to the APM) and, unless Relevant Solvency Deferred Interest has already been satisfied pursuant to the APM or cancelled in accordance with the applicable Pricing Supplement, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall (subject as provided below in relation to Deferred Interest) use their commercially reasonable efforts to apply the APM (subject to the limitations and conditions applicable to the APM) to satisfy all (or, in the case where limb (iv) of the definition of APM Deferred Settlement Date applies, on a proportionate basis) of the outstanding Relevant Solvency Deferred Interest upon the APM Deferred Settlement Date (as defined below).

Notwithstanding the foregoing, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG will only be obliged to use their commercially reasonable efforts to satisfy any Deferred Interest or Relevant Solvency Deferred Interest, as applicable, as aforesaid if at the relevant time the prior written approval of FINMA or any Successor Authority to such payment has been given. If on the APM Deferred Settlement Date no prior written approval as aforesaid has been given, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall be obliged to use their commercially reasonable efforts to satisfy any Deferred Interest or Relevant Solvency Deferred Interest, as applicable, promptly following the obtaining of such written approval and the giving of not more than 30 nor less than 15 days' notice to such effect by the relevant Issuer to the Trustee and to Noteholders in accordance with Condition 14. References herein to "**APM Deferred Settlement Date**" shall be construed accordingly to refer to such later date for payment.

A certificate as to whether or not written approval of FINMA or any Successor Authority as aforesaid has been given signed by two Authorised Officers of the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) or ZIG, shall, in the absence of manifest error, be treated and accepted by the relevant Issuer, the Noteholders, the Trustee, the Couponholders and all other interested parties as correct and sufficient evidence thereof. The Trustee shall be entitled to rely upon such certification absolutely without liability to any person.

As used herein:

"**APM Deferred Settlement Date**" means, subject as provided above and in Condition 4(c) in relation to Fixed Term Deferred Interest Payments, the first to occur of the following dates:

- (i) the date on which the Capital Notes are called for redemption pursuant to Condition 7 or substituted or varied pursuant to Condition 7(e);
- (ii) the date upon which a dividend is next declared or paid on any class of share capital of ZIG;
- (iii) (A) as soon as practicable after cash proceeds representing the full amount of Deferred Interest or Relevant Solvency Deferred Interest, as applicable, have been realised from the APM which will be implemented following the declaration or payment by ZIG of any dividends or other payments (including any nominal value reduction under Swiss law) on any of its ordinary shares or on any of its other capital stock that may then exist, except in the circumstances described in subparagraphs (i) to (v) of the fourth paragraph of Condition 4(d) or (B) in the event that the Ordinary Share Issuance Threshold, as applicable, has been met or a Market Disruption Event has occurred, in each case prior to the realisation of the full amount of Deferred Interest or Relevant Solvency Deferred Interest, as applicable, from such APM, in an amount equal to the actual cash proceeds realised at the time such threshold has been met or such Market Disruption Event has occurred, as applicable;
- (iv) the Interest Payment Date next following a full or partial payment of current or deferred interest on any Parity Obligation of ZHCA or ZIC (except for any such current or deferred interest payment which is compulsory in accordance with the terms of the relevant Parity Obligation (including as a result of the maturity of such obligation)), in which case the sum to be paid by the relevant Issuer on such Interest Payment Date shall be calculated by multiplying (a) the full amount of Deferred Interest or Relevant Solvency Deferred Interest, as applicable, that is due and payable by the relevant Issuer on such Interest Payment Date by (b) the fraction obtained by (A) dividing the amount of the full or partial payment actually paid on the relevant Parity Obligation of ZHCA or ZIC by (B) the outstanding amount (current or deferred) of the payment to which such full or partial payment relates that is payable on such Parity Obligation of ZHCA or ZIC when such payment is made in full (for the avoidance of doubt, the terms of other obligations issued by ZHCA or ZIC may be such as not to make them qualify as Parity Obligations of the ZHCA or ZIC specifically for these purposes);
- (v) the date on which ZIC is dissolved pursuant to Article 736 of the Swiss Code of Obligations (other than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of ZIC); or

- (vi) if none of the events referred to in (i), (ii), (iii), (iv) or (v) above have already occurred and the applicable Pricing Supplement so provides, upon expiration of the time period specified in the applicable Pricing Supplement following the date upon which deferral of the relevant Deferred Interest or Relevant Solvency Deferred Interest commenced.

“**Cash Deferred Settlement Date**” means, subject as provided above and in Condition 4(c) in relation to Fixed Term Deferred Interest Payments, the first to occur of the dates specified in paragraphs (i), (ii), (v) and, if so specified in the applicable Pricing Supplement, (iv) and/or (vi) of the definition of “APM Deferred Settlement Date” above. If limb (vi) of the definition of APM Deferred Settlement Date is specified in the applicable Pricing Supplement as being applicable in the context of the definition of either APM Deferred Settlement Date or Cash Deferred Settlement Date and the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG become obliged to pay or, as appropriate, use their commercially reasonable efforts to satisfy Deferred Interest by way of the APM, as a result of limb (vi) of the definition of APM Deferred Settlement Date, then solely in respect of such Interest Payment and without prejudice to Condition 2, the Capital Notes rank senior to any existing or future obligations of the relevant Issuer (“**other obligations**”) that would otherwise have ranked *pari passu* with the Capital Notes, if and to the extent payment of such Deferred Interest would otherwise be prohibited by any Restricted Payments Provision in such other obligations as a result of interest being outstanding with respect to such other obligations.

In relation to Optionally Deferred Interest or Solvency Deferred Interest, if limb (vi) above is not specified in the applicable Pricing Supplement as being applicable and if none of the events in limb (i) to (v) of such definition take place prior to the date specified in the applicable Pricing Supplement for this purpose following the Interest Payment Date on which such Optionally Deferred Interest or Solvency Deferred Interest was originally deferred, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG intend to raise sufficient proceeds from the operation of the APM to satisfy any Optionally Deferred Interest or Solvency Deferred Interest.

Alternative Payment Mechanism

The relevant Issuer may elect at its discretion to satisfy on the relevant Interest Payment Date any Interest Payment that would otherwise have been due on such Interest Payment Date without application of Conditions 4(a), 4(b) and 4(c) with funds raised prior to the Interest Payment Date by way of an APM (as defined in this Condition 4(e)).

If APM Settlement (as aforesaid) is applicable, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall satisfy their obligations in respect of Deferred Interest which falls due by way of the alternative payment mechanism (the “**APM**”), on the relevant APM Deferred Settlement Date, by the operation of Ordinary Share Settlement.

“**Ordinary Share Settlement**” means using cash proceeds from the sale, during the period of six months immediately prior to the relevant APM Deferred Settlement Date (the “**Relevant Period**”), of existing or newly issued ordinary shares of ZIG (the “**Payment Shares**”) which proceeds are made available by ZIG to the relevant Issuer to make the relevant payment.

If APM Settlement (as aforesaid) is applicable, the relevant Issuer shall (except in the case of a voluntary or involuntary insolvency, winding up, liquidation, dissolution or other similar proceedings of or against the relevant Issuer) satisfy its obligations in respect of Deferred Interest only by operation of the APM in accordance with this Condition 4(e).

In the event of the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG satisfying their obligations in respect of Deferred Interest by operation of the APM the relevant Issuer shall certify, by delivering to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer, that in making use of such APM, the relevant Issuer or ZIG was in compliance with its obligations under this Condition 4(e) which the Trustee shall rely on absolutely without liability to any person.

As used herein, “**Qualifying APM Securities**” means ordinary shares of ZIG (including, to the extent available, treasury stock purchased at least six months prior to the date of sale of such treasury stock).

Restrictions relating to the APM

Upon the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG becoming obliged to use their commercially reasonable efforts to settle Deferred Interest using the APM pursuant to this Condition 4(e), the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG will use their commercially reasonable efforts to satisfy such Deferred Interest by way of Ordinary Share Settlement. The relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG may only utilise the Ordinary Share Settlement to the extent that the number of Payment Shares used for the purposes of the APM in any 12-month period does not exceed 2 per cent (“**Ordinary Share Issuance Threshold**”) of ZIG’s outstanding share capital.

In the event of the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG satisfying their obligations in respect of Deferred Interest by utilisation of Ordinary Share Settlement, the relevant Issuer shall certify, by delivering to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer, that the Ordinary Share Issuance Threshold has not been exceeded which the Trustee shall rely on absolutely without liability to any person.

Periods of Application of the APM

Once the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG have become obliged hereunder to use their respective commercially reasonable efforts to operate the APM to settle any Optionally Deferred Interest, Solvency Deferred Interest or Relevant Solvency Deferred Interest, the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG shall continue to use their respective commercially reasonable efforts to raise sufficient proceeds from the operation of the APM for up to the period specified in the applicable Pricing Supplement for this purpose following the relevant APM Deferred Settlement Date to the extent permitted under prevailing applicable regulatory criteria governing the Capital Notes. If there exists, in the Issuer's reasonable opinion, a Market Disruption Event (as defined below), then the specified period described above shall be extended by a period equal to the time during which the Market Disruption Event exists plus 60 Zurich business days.

If the applicable Pricing Supplement provides that Intention Statement is applicable, then the applicable Pricing Supplement shall specify the period for which the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and ZIG intend to continue voluntarily to operate the APM if for any reason this has not occurred within the original period of 30 days from the Interest Payment Date in relation to which a Trigger Event is occurring.

If and to the extent that the relevant Issuer, ZIC (in the case of Capital Notes issued by ZHCA) and/or ZIG have not issued Qualifying APM Securities to settle any Deferred Interest or Relevant Solvency Deferred Interest, as applicable, in full within such specified time period, or, if such time periods do not otherwise apply, upon expiration of the period specified in the applicable Pricing Supplement for this purpose after the date on which such Deferred Interest or Relevant Solvency Deferred Interest, as applicable, was originally deferred, the relevant Issuer's obligation with respect to such unsettled Deferred Interest or Relevant Solvency Deferred Interest, as applicable, will be cancelled.

As used herein "**Market Disruption Event**" means the occurrence or existence of any of the following events or sets of circumstances: (i) the trading in the shares of ZIG generally on any internationally recognised exchange on which such securities are traded has been suspended or the settlement of such trading generally shall have been materially disrupted; (ii) a general moratorium shall have been declared on commercial banking activities or securities settlement systems in Switzerland, the U.S., the U.K. or the region comprised of member states of the European Union that adopted the euro in accordance with the Treaty establishing the European Community of 25 March 1957, as amended, as a result of which trading in shares of ZIG has been materially disrupted; (iii) there shall have occurred a change, event or circumstance that could be expected to result in a prospective change in Swiss taxation materially and adversely affecting the relevant Issuer or ZIG, the ordinary shares of ZIG or the imposition of exchange controls by Switzerland; or (iv) there shall have occurred an outbreak or escalation of hostilities, any terrorist attacks or calamity or crisis, or any change or development involving or likely to involve a prospective change in national or international financial, political or economic conditions in any country, as a result of which trading in shares of ZIG has been materially disrupted. The Trustee shall be entitled to rely absolutely without liability to any person on a certificate given to it by two Authorised Officers of the Issuer as to the occurrence in the Issuer's reasonable opinion of a Market Disruption Event.

5. Interest

(a) Interest on Fixed Rate Capital Notes

Each Fixed Rate Capital Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and (if applicable) on the Maturity Date or other date fixed for redemption if that does not fall on an Interest Payment Date.

Subject to Condition 4, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each calculation amount as specified in the applicable Pricing Supplement ("**Calculation Amount**") multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of these Conditions "**Fixed Day Count Fraction**" means:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:
 - (a) where the relevant period (from and including the first day to but excluding the last day) is equal to or shorter than the Regular Period during which it falls, the actual number of days in the relevant period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the relevant period (from and including the first day to but excluding the last day) is longer than one Regular Period, the sum of:

- (A) the actual number of days in such relevant period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such relevant period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if “**30/360**” is specified in the applicable Pricing Supplement, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and

“**Regular Period**” means:

- (i) in the case of Capital Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Capital Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Capital Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**sub-unit**” with respect to any currency other than euro, means the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

If the applicable Pricing Supplement specifies that a Mid Swap Rate is applicable to interest payable on Interest Payment Dates falling in a specified period (the “**Reset Period**”), the Capital Notes will bear interest during such Reset Period at a rate determined on the Reset Determination Date as being the aggregate of the Reset Margin and the Specified Mid Swap Rate. The Specified Mid Swap Rate shall be the mid market swap rate for the Specified Swap Duration, expressed as a percentage, which appears on the Mid Swap Rate Screen Page (or such other page as may replace that page, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates) at 11.00 a.m. (local time) on the Reset Determination Date. If swap rates do not appear on that page, the Specified Mid Swap Rate shall be determined by the Swap Rate Determination Agent (which, unless otherwise specified in the applicable Pricing Supplement, shall be the Agent) on the basis of (i) quotations provided by the principal office of each of four major banks in the relevant swap market of the rates at which swaps in the applicable currency are offered by it at approximately 11.00 a.m. (local time) on the Reset Determination Date to participants in the relevant swap market for the period equal to the Specified Swap Duration; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations.

The Swap Rate Determination Agent will at, or as soon as practicable after, each time at which the Specified Mid Swap Rate is to be determined, determine the Specified Mid Swap Rate for the relevant Reset Period and notify the Agent as soon as practicable after determining the same.

The Agent will cause the Specified Mid Swap Rate to be notified to the relevant Issuer and ZIC (where ZHCA is the relevant Issuer) and any stock exchange on which the relevant Capital Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter.

If for any reason the Swap Rate Determination Agent at any time after the Issue Date defaults in its obligation to determine the Specified Mid Swap Rate, the Trustee shall determine the Specified Mid Swap Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances and any such determination shall be deemed to have been made by the Swap Rate Determination Agent.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(a), whether by the Swap Rate Determination Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Trustee, the Agent, the Swap Rate Determination Agent, the other Paying Agents, the Registrar and any Transfer Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, ZIC (where ZIC is not the relevant Issuer), the Noteholders or the Couponholders shall attach to the Agent, the Trustee or the Swap

rate Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(b) Interest on Floating Rate Capital Notes

(i) Interest Payment Dates

Each Floating Rate Capital Note bears interest on its nominal amount from (and including) the Interest Commencement Date and such interest will be payable, subject to Condition 4, in arrear on either:

- (a) the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (b) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable, subject to Condition 4, in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to but excluding the next Interest Payment Date).

If the business day convention is specified in the applicable Pricing Supplement and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(b) above, the Floating Rate Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, “**Business Day**” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments in any Additional Business Centre specified in the applicable Pricing Supplement; and
- (b) either (1) in relation to interest payable in Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre) or (2) in relation to interest payable in euro, a day on which the TARGET system is operating.

For the purposes of these Conditions “**TARGET system**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer, known as TARGET 2, System which was launched on 19 November 2007 or any successor thereto.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Capital Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Capital 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 Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA 2006 Definitions, as published by the International Swaps and Derivatives Association, Inc. and as

amended and updated as at the Issue Date of the first Tranche of the Capital Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or the European inter-bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Capital Notes

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 Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time or in the case of EURIBOR, Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1) above, no such quotation appears or, in the case of Condition 5(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(C) Linear Interpolation

If the applicable Pricing Supplement specifies linear interpolation as applicable in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable) and determined as follows:

- (1) one rate as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (2) the other rate as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**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.

(iii) Minimum and/or Maximum Interest Rate

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Capital Notes in respect of each Calculation Amount for the relevant Interest Period.

Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest of any Interest Period:

- (A) if “Actual/Actual” or “Actual/Actual/ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (D) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest 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 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (E) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest 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 or (ii) such number would be 31, in which case **D₂** will be 30; and

(F) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (\mathbf{Y}_{(2)} - \mathbf{Y}_{(1)})] + [30 \times (\mathbf{M}_{(2)} - \mathbf{M}_{(1)})] + (\mathbf{D}_{(2)} - \mathbf{D}_{(1)})}{360}$$

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 or (ii) such number would be 31, in which case **D₂** will be 30.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than (i) 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 (ii) in all other cases, the fourth London Business Day (as defined below) after such determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, listing authority and/or quotation system by which the relevant Floating Rate Capital Notes are for the time being admitted to listing, trading and/or quotation and to the Noteholders in accordance with Condition 14. In these Conditions “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Determination or Calculation by Trustee

If for any reason the Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with paragraphs (ii) and (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the

Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(vii) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Agent or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Trustee, the Agent, the other Paying Agents, the Registrar and any Transfer Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of Interest

Each Capital Note (or, in the case of the redemption of part only of a Capital Note, that part only of such Capital Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(d) Recalculation of Interest

If a tax deduction or withholding (collectively, a “**Tax Deduction**”) is required by law to be made by ZIC in respect of any interest payable in respect of the Capital Notes and should Condition 8(a)(i) be unlawful for any reason, the applicable Rate of Interest in relation to Interest Amounts payable for the period ending on that Interest Payment Date will, subject to the exceptions in Condition 8(a)(ii) be the Rate of Interest which would have otherwise been payable for the period ending on that Interest Payment Date divided by 1 minus the rate (expressed as a fraction of 1) at which the relevant Tax Deduction is required to be made and ZIC will (i) be obligated to pay the relevant Interest Amount on that Interest Payment Date at the adjusted rate in accordance with this Condition 5(d) and (ii) make the Tax Deduction on the recalculated interest amount. Without prejudice to the foregoing, all references to a Rate of Interest in the Conditions shall be construed accordingly and all provisions in Condition 8 (other than Condition 8(a)(i)) shall apply to the Tax Deduction on the recalculated interest payment (such recalculation is referred to herein as a “**Recalculation of Interest**”).

6. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars, shall be Auckland); and
- (ii) payments in euro will be made by credit or transfer to an euro account specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in any jurisdiction (whether by operation of law or agreement of the relevant Issuer or the Guarantor or its Agents and neither the relevant Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements), but without prejudice to the provisions of Condition 8. References to “**Specified Currency**” will include any successor currency under applicable law.

(b) Presentation of Capital Notes and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6(a) above only against presentation and surrender (or, in the case of part payment only, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment only, endorsement) of Coupons, in each case 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)).

Upon the date on which any Capital Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Definitive Bearer Note is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.

If the due date for redemption of any Definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Definitive Bearer Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall, subject to Condition 4, be payable only against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Bearer Note.

Payments of principal and interest (if any) in respect of Capital Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the U.S.. A record of each payment made against presentation or surrender of such Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a Bearer Global Note shall be the only person entitled to receive payments in respect of Capital Notes represented by such Bearer Global Note and the relevant Issuer will be discharged by payment to, or to the order of, the holder of such Bearer Global Note in respect of each amount so paid.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of this Bearer Global Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of this Bearer Global Note will be made at the specified office of a Paying Agent in the U.S. if:

- (i) the relevant Issuer and ZIC (where ZIC is not the relevant Issuer) has appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the U.S. of the full amount of principal and interest on the Capital Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the U.S. is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under U.S. law without involving, in the opinion of the relevant Issuer and ZIC (where ZIC is not the relevant Issuer), adverse tax consequences to the relevant Issuer and ZIC (where ZIC is not the relevant Issuer).

Payments of principal in respect of Registered Notes (whether in individual or global form) will be made in the manner provided in Condition 6(a) above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of such Registered Global Note or Individual Registered Notes at the specified office of the Registrar or at the specified office of any Paying Agent. Payments of interest due on a Registered Note will be made to the person in whose name such Capital Note is registered (i) where in global form, at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Days means Monday to Friday inclusive except 25 December and 1 January, and (ii) where in individual form, at the close of business on the 15th day (whether or not such 15th day is a business day (being for the purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) (the “**Record Date**”). In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder’s registered address on the due date. If payment is required by credit or transfer as referred to in Condition 6(a) above, application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

(c) Payment Day

If the date for payment of any amount in respect of any Capital Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, and unless otherwise specified in the applicable Pricing Supplement, “**Payment Day**” means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Payment Business Centre specified in the applicable Pricing Supplement and, in the case of Notes in individual form only, in the relevant place of presentation; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, any Additional Business Centre) or (2) in relation to Capital Notes denominated or payable in euro, a day on which the TARGET system is operating.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Capital Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or pursuant to any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Early Redemption Amount (as specified in the applicable Pricing Supplement) of the Capital Notes;
- (iii) the Optional Redemption Amount(s) (as specified in the applicable Pricing Supplement) (if any) of the Capital Notes; and
- (iv) any premium and any other amounts which may be payable by the relevant Issuer under or in respect of the Capital Notes.

Any reference in these Terms and Conditions to interest in respect of the Capital Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(e) Payments on Listed Swiss Franc Capital Notes

The receipt by the Principal Paying Agent named in the applicable Pricing Supplement (the “**Principal Paying Agent**”) from the relevant Issuer of each payment in full of principal and/or interest then due in respect of any Listed Swiss Franc Capital Notes at the time and in the manner specified in the agency agreement appointing the Principal Paying Agent to act as such in relation to the Listed Swiss Franc Capital Notes shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the relevant Issuer under such Capital Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

(f) Definition

In this Condition, “**euro**” means the single currency adopted by those states participating in European Monetary Union from time to time.

7. Redemption and Purchase

(a) At Maturity

Each Capital Note which is specified in the applicable Pricing Supplement as being a Dated Capital Note (“**Dated Capital Notes**”), unless previously redeemed or purchased and cancelled as specified below, will be redeemed by the relevant Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement together, if applicable, with interest accrued to the date fixed for redemption and, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, any applicable Deferred Interest on the Maturity Date provided that, in the case of Dated Capital Notes if so specified in the applicable Pricing Supplement, if a Solvency Event has occurred and is continuing on the Maturity Date or would occur as a result of the relevant redemption, the Dated Capital Notes shall not be redeemed, unless the prior written approval of FINMA or any Successor Authority for such payment has been given. In such circumstances, if a Solvency Event has occurred and is continuing on the Maturity Date and no prior written approval as aforesaid has been given, each such Dated Capital Note will be redeemed by the relevant Issuer promptly following either the obtaining of such written approval or no Solvency Event continuing (including following the relevant redemption) and the giving of not more than 30 nor less than 15 days’ notice to such effect by the relevant Issuer to Noteholders in accordance with Condition 14. 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 on any such Dated Capital Note until such later date of redemption.

A certificate as to the occurrence of a Solvency Event and as to whether or not written approval of FINMA or any Successor Authority as aforesaid has been given signed by two Authorised Officers of the relevant Issuer or ZIG, shall, in the absence of manifest error be treated and accepted by the relevant Issuer, the Noteholders, the Trustee, the Couponholders and all other interested parties as correct and sufficient evidence thereof. The Trustee shall be entitled to rely upon such certification absolutely without liability to any persons.

Each Capital Note which is specified in the applicable Pricing Supplement as an Undated Capital Note (“**Undated Capital Notes**”) is perpetual and has no fixed maturity date and is only redeemable or repayable in accordance with the following provisions of this Condition 7 or Condition 10.

(b) Redemption for Tax Reasons

The Capital Notes may, subject to Condition 7(h), be redeemed at the option of the relevant Issuer prior to the first Optional Redemption Date in whole, but not in part, at any time (if this Capital Note is not a Floating Rate Capital Note) or on any Interest Payment Date (if this Capital Note is a Floating Rate Capital Note) at the relevant Regular Redemption Price or, as appropriate, Special Redemption Price referred to below, together, if applicable, with interest accrued to the date fixed for redemption and, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, any applicable Deferred Interest, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Agent and, in accordance with Condition

14, the Noteholders (which notice shall be irrevocable), if the relevant Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Capital Notes, (A) the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or (B) ZIC (where ZIC is not the relevant Issuer) would be unable for reasons outside its control to procure payment by ZHCA and in making payment itself would be required to pay such additional amounts, in each of cases (A) and (B) as a result of (1) any law or regulation in existence on the Issue Date (in which case the Special Redemption Price specified in the applicable Pricing Supplement shall apply) or (2) a change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined below) 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 Capital Notes (a “**Tax Law Change**”) (in which case the Regular Redemption Price specified in the applicable Pricing Supplement shall apply); and in the case of both (1) and (2) such obligation cannot be avoided by the relevant Issuer or, as the case may be, ZIC (where ZIC is not the relevant Issuer) taking such reasonable measures available to it as it (acting in good faith) deems appropriate;
- (ii) on the occasion of the next payment of interest due under the Capital Notes (where ZIC is the relevant Issuer), ZIC would not be able to obtain a tax deduction for the purposes of Swiss corporation tax for that payment as a result of (a) any law or regulation in existence on the Issue Date (in which case the Special Redemption Price specified in the applicable Pricing Supplement shall apply) or (b) a Tax Law Change with respect to ZIC (in which case the Regular Redemption Price specified in the applicable Pricing Supplement shall apply) and in the case of both (a) and (b) such inability cannot be avoided by ZIC taking such reasonable measures available to it as it (acting in good faith) deems appropriate; or
- (iii) on the occasion of the next payment of interest due under the Capital Notes (where ZHCA is the relevant Issuer), ZHCA would not be able to obtain a tax deduction for the purposes of U.S. federal income tax for that payment as a result of (a) any law or regulation in existence on the Issue Date (in which case the Special Redemption Price specified in the applicable Pricing Supplement shall apply) or (b) a Tax Law Change with respect to ZHCA (in which case the Regular Redemption Price specified in the applicable Pricing Supplement shall apply) and in the case of both (a) and (b) such inability cannot be avoided by ZHCA taking such reasonable measures available to it as it (acting in good faith) deems appropriate; or
- (iv) on the occurrence of a Recalculation of Interest which (a) arises as a result of a Tax Law Change, in which case the Regular Redemption Price specified in the applicable Pricing Supplement shall apply or (b) arises otherwise than as a result of a Tax Law Change, in which case the Special Redemption Price specified in the applicable Pricing Supplement shall apply; and in the case of both (a) and (b) such Recalculation of Interest cannot be avoided by ZIC taking such reasonable measures available to it as it (acting in good faith) deems appropriate,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, ZIC (where ZIC is not the relevant Issuer) would be obliged to pay such additional amounts, not be able to obtain a tax deduction for the purposes of Swiss corporation tax (or U.S. federal income tax where ZHCA is the relevant Issuer) or perform such Recalculation of Interest were a payment in respect of the Capital Notes then due.

The Trustee is under no obligation to ascertain whether any of the events described in this Condition or any event which could lead to the occurrence of, or could constitute any such event, has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer or, as the case may be, two Authorised Officers of ZIC (where ZIC is not the relevant Issuer) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to such effect and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

In these Conditions, “**Relevant Jurisdiction**” means (i) Switzerland, in the case of Notes issued by ZIC; and (ii) the United States of America and Switzerland in the case of Notes issued by ZHCA.

(c) Redemption for Other Reasons

The Capital Notes may, subject to Condition 7(h), be redeemed at the option of the relevant Issuer prior to the first Optional Redemption Date in whole, but not in part, at any time (if this Capital Note is not a Floating Rate Capital Note) or on any Interest Payment Date (if this Capital Note is a Floating Rate Capital Note) (provided that the relevant Issuer shall not have the right to redeem the Capital Notes following an Accounting Event or a Capital Event (each as defined below) if such right of redemption would cause a Regulatory Event) at the Regular Redemption Price or the Special Redemption Price, as specified in the applicable Pricing Supplement, together, if applicable, with interest accrued to the date fixed for redemption and, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, any applicable Deferred Interest on giving not less

than 30 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 14, the Noteholders (which shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) if so specified in the applicable Pricing Supplement, an Accounting Event has occurred and is continuing; or
- (ii) if so specified in the applicable Pricing Supplement, a Capital Event has occurred and is continuing; or
- (iii) if so specified in the applicable Pricing Supplement, a Regulatory Event has occurred and is continuing.

As used herein:

“Accounting Event” means that an opinion of a recognised accounting firm has been delivered to the relevant Issuer or ZIG, stating that obligations of the relevant Issuer in respect of the Capital 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 Capital 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 relevant Issuer or, as the case may be, ZIG taking such reasonable measures as the relevant Issuer or ZIG (acting in good faith) deems appropriate. The relevant Issuer will deliver the applicable opinion to the Trustee.

“Capital Event” means a change by a nationally recognised statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Capital Notes, as such criteria are in effect on the Issue Date (the **“current criteria”**), which change has been confirmed in writing to the relevant Issuer or ZIG by such organisation and results in a lower equity credit being given to the Capital Notes as of the date of such change by such nationally recognised statistical rating organisation pursuant to its current criteria and the relevant Issuer shall deliver such written notification of such nationally recognised statistical rating organisation to the Trustee.

“Future Regulations” means the solvency margin, regulatory capital or capital regulations (if any) which may be introduced in Switzerland (or if ZIC is the relevant Issuer and becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to ZIC and/or to ZIG, which would set out the requirements to be fulfilled by financial instruments in order to be eligible to be included in Tier Two (or equivalent) own funds regulatory capital.

“Regulatory Event” means, in respect of Undated Capital Notes, the occurrence of any of the following events which occurrence cannot be avoided by the relevant Issuer, ZIC (where ZIC is not the relevant Issuer) or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate:

- (A) prior to the implementation of the Future Regulations, FINMA or any Successor Authority states that the Capital Notes are no longer eligible to qualify as at least upper additional capital (*“oberes ergänzendes Kapital”*) pursuant to Art. 49 in connection with Art. 39, and – with regard to ZIG - Art. 200 para. 4 and Art. 204 of the SPICO (as defined below) or, after its entering into force, Art. 49 in connection with Art. 22a and – with regard to ZIG - Art. 198 and Art. 204 of the Draft-SPICO (as defined below), and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or
- (B) with effect from the implementation of the Future Regulations, the Capital Notes do not qualify, or initially qualify but cease to so qualify, as at least Tier Two own funds (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal); or
- (C) FINMA or any Successor Authority issues guidance after the Issue Date in relation to Tier 1 Capital (*“Kernkapital”*) qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or interpretation thereof), and FINMA or any Successor Authority affords the Capital Notes recognition as Tier 1 Capital (*“Kernkapital”*) for group or solo solvency purposes, and at a subsequent time FINMA or any Successor Authority states that the Capital Notes no longer fulfil the requirements of Tier 1 Capital (*“Kernkapital”*),

save, in each case above, where such non-qualification thereof applicable to the Capital Notes is only as a result of any applicable limitation on the amount of such capital.

“Regulatory Event” means, in respect of Dated Capital Notes, the occurrence of any of the following events which occurrence cannot be avoided by the relevant Issuer, ZIC (where ZIC is not the relevant Issuer) or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate:

- (A) prior to the implementation of the Future Regulations, FINMA or any Successor Authority states that the Capital Notes are no longer eligible to qualify as at least lower additional capital pursuant to Art. 49 in connection with Art. 39 of the SPICO (as defined below) or, after its entering into force, Art. 49 in connection with Art. 22a of the Draft-SPICO (as defined below), and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or
- (B) with effect from the implementation of the Future Regulations, the Capital Notes do not qualify, or initially qualify but cease to so qualify, as at least Tier Two own funds (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal); or

- (C) FINMA or any Successor Authority issues guidance after the Issue Date in relation to Tier 1 Capital (“*Kernkapital*”) qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or interpretation thereof), and FINMA or any Successor Authority affords the Capital Notes recognition as Tier 1 Capital (“*Kernkapital*”) for group or solo solvency purposes, and at a subsequent time FINMA or any Successor Authority states that the Capital Notes no longer fulfil the requirements of Tier 1 Capital (“*Kernkapital*”),

save, in each case above, where such non-qualification thereof applicable to the Capital Notes is only as a result of any applicable limitation on the amount of such capital.

“**Draft-SPICO**” means the final draft of the partly revised Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*), as published by the Swiss Federal Department of Finance on 25 March 2015 and which will enter into force on 1 July 2015.

“**SPICO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended.

“**Special Event**” means any of an Accounting Event, a Capital Event or a Regulatory Event or any combination of the foregoing;

“**Tier 1 Capital**” means core capital (“*Kernkapital*”) pursuant to Art. 48 SPICO, or, after its entering into force, Art. 48 of the Draft-SPICO.

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver to the Trustee a certificate signed by two Authorised Officers of the relevant Issuer stating that the circumstances described in the definitions of Accounting Event, Capital Event or Regulatory Event (as appropriate) have occurred and that, where such Special Event requires reasonable measures as the relevant Issuer or, as the case may be, ZIG may deem appropriate to be taken, the relevant Special Event cannot be avoided by the relevant Issuer or, as the case may be, ZIG taking such measures and the Trustee shall be entitled to accept such certificate as sufficient evidence that the circumstances described in the relevant Special Event apply, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

The Trustee is under no obligation to ascertain whether any Special Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event has occurred.

(d) Redemption at the Option of the Relevant Issuer

Subject to Condition 7(h), the relevant Issuer may, having given:

- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), written notice to the Trustee and the Agent,

(which notices shall be irrevocable), redeem all or some only of the Capital Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date and, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, any applicable Deferred Interest. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Capital Notes, the Capital Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot in a manner approved by the Trustee, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by Definitive Bearer Notes or Individual Registered Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by Definitive Bearer Notes or Individual Registered Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Bearer Notes or Individual Registered Notes outstanding bears to the aggregate nominal amount of the Capital Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 7(d) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(e) Substitution or Variation

If any of the events described in Condition 7(b) or 7(c) has occurred and is continuing, then the relevant Issuer may, subject to Condition 7(h), (without any requirement for the consent or approval of the Noteholders) and subject to having satisfied the Trustee immediately prior to the giving of such notice referred to herein that the provisions of this Condition 7(e) have been

complied with and having given not less than seven days' written notice to the Trustee, the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Capital Notes for, or vary the terms of the Capital Notes so that they remain or, as appropriate, become, Qualifying Securities and the Trustee shall (subject as provided below and to the following provision of this Condition 7(e) being complied with and subject further to the receipt by the Trustee of a certification by the Authorised Officers of the relevant Issuer referred to below) agree to such substitution or variation. In connection therewith, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, all applicable Deferred Interest (if any) will be satisfied by operation of the APM or otherwise, as applicable.

Upon the expiry of such notice, the Issuer shall either vary the terms of, or substitute, the Capital Notes in accordance with this Condition 7(e), as the case may be. The Trustee shall not be obliged to participate in any substitution or variation of the Capital Notes for any proposed alternative Qualifying Securities if the terms of the proposed alternative Qualifying Securities would impose, in the Trustee's opinion, more onerous obligations on it.

As used herein, "**Qualifying Securities**" means securities:

- (a) having terms (including terms providing for deferral and/or cancellation of payment of interest and/or principal) that are not materially less favourable to an investor than the terms of the Capital Notes (as reasonably determined by the relevant Issuer after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the relevant Issuer 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 with a guarantee by ZIC, such that investors have the same material rights and claims as provided by the Capital Notes (as reasonably determined by the relevant issuer, and provided that a certification to such effect of two Authorised Officers shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (c) ranking at least equal to the Capital Notes and featuring the same principal amount, interest rate (including applicable margins and step-up), Interest Payment Dates and Optional Redemption Dates as the Capital Notes; and
- (d) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the relevant 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, unless the triggers are objective and measurable; and
- (f) which benefit from a guarantee from ZIC which is granted on the same basis, and to the same extent (including with respect to subordination), as the Capital Notes Guarantee in circumstances where the Capital Notes benefitted from the Capital Notes Guarantee; and
- (g) listed on an internationally recognised stock exchange, if the Capital Notes were listed prior to such substitution or variation.

In addition, any substitution or modification is subject to (A) all interest amounts, including Deferred Interest, and any other amount payable under the Capital Notes which, in each case, has accrued to Noteholders and has not been paid, being satisfied in full on or prior to the date hereof; (B) compliance with Condition 7(h); (C) the substitution or variation not itself giving rise to a change in any published rating of the Capital Notes in effect at such time as confirmed in writing by the rating organisations who have given such published rating of the Capital Notes previously; (D) the substitution or variation not triggering the right on the part of the relevant Issuer to redeem the Capital Notes pursuant to Condition 7(b) or 6(c); and (E) certification by two Authorised Officers of the relevant Issuer that the securities in question are "**Qualifying Securities**" in accordance with the definition set out above and that the conditions set out herein have been complied with, which such certificate shall be delivered to the Trustee prior to the substitution or variation of the relevant securities and upon which certificate the Trustee shall be entitled to rely absolutely without liability to any person.

In connection with any substitution or variation as indicated above, the relevant Issuer will comply with the rules of any stock exchange or other relevant authority on which the Capital Notes are then listed or admitted to trading.

(f) Purchases

The relevant Issuer, ZIC (where ZIC is not the relevant Issuer) or any of ZIC's Subsidiaries (as such term is defined in the Trust Deed) may, subject to Condition 7(h) and, in the case of Restricted Capital Notes subject to Condition 11(j), at any time purchase Capital Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Capital Notes may be held, resold or, at the option of the relevant Issuer or ZIC (where ZIC is not the relevant Issuer), surrendered to any Paying Agent or the Registrar for cancellation.

(g) Cancellation

All Capital Notes which are redeemed or purchased and surrendered for cancellation will forthwith be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Capital Notes so cancelled (together in the case of Definitive Bearer Notes with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(h) Conditions to Redemption, Substitution, Variation and Purchase

The relevant Issuer may only redeem a Capital Note, or substitute or vary it in accordance with Condition 7(e) (and the persons referred to in Condition 7(f) may only purchase a Capital Note) if FINMA or any Successor Authority has given (and has not subsequently withdrawn) its consent to the redemption (or substitution or variation or purchase as appropriate) to the extent such consent is required or otherwise has not objected to such redemption (or substitution or variation or purchase).

8. Taxation

(a) Notes issued by ZIC

(i) Additional Amounts

In the case of Capital Notes issued by ZIC, all payments of principal, premium and interest in respect of the Capital Notes issued by ZIC will be made free and clear of, and without any Tax Deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed by Switzerland or any subdivision thereof (“**Taxes**”) or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”), unless the ZIC is compelled by law and/or by agreement of ZIC to make such Tax Deduction. In the event of such Tax Deduction, ZIC will pay such additional amounts (the “**Additional Amounts**”) as will result (after such Tax Deduction) in receipt by the Noteholders of such sums as the Noteholders would have received if no Tax Deduction had been required.

(ii) Exceptions

However, no such Additional Amounts or interest recalculated pursuant to Condition 5(d) shall be payable with respect to such Taxes in respect of any Noteholder:

- (a) if Capital Notes other than Restricted Capital Notes are issued;
- (b) if the Capital Note is 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 Capital Note by reason of it having some connection with the Relevant Jurisdiction other than the mere holding of that Capital Note;
- (c) if the Capital Note is presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to payment of such Additional Amounts or recalculated interest if it had presented its Capital 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;
- (d) where such Tax Deduction is imposed on a payment to an individual or a residual entity and (y) is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (z) is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;
- (e) in respect of any U.S. federal withholding tax that is imposed, assessed, levied or collected by reason of Section 1471 through 1474 of the Code (or any regulations promulgated thereunder or administrative interpretations thereof or agreement with any Relevant Jurisdiction or the U.S. relating thereto);
- (f) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, in particular the principle to have a person other than ZIC withhold or deduct the tax, including, without limitation, any paying agent;
- (g) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an

individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Capital Note;

- (h) if the Capital Note is presented for payment by or on behalf of a Noteholder which would have been able to avoid such Tax Deduction by presenting the Capital Note to a Paying Agent in another Member State of the European Union;
- (i) (if so specified in the applicable Pricing Supplement) if the payment could have been made to the relevant Noteholder without a Tax Deduction if it were a Qualifying Lender (as defined below), 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;
- (j) if the payment could have been made without a Tax Deduction if the Noteholders had complied with Conditions 11(j) and 11(k) (if Condition 11(j) is expressed in the applicable Pricing Supplement to apply); or
- (k) any combination of items (a) through (j) above.

(iii) *Evidence*

Within 30 days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, ZIC shall deliver to the relevant Noteholder evidence satisfactory to that Noteholder (acting reasonably) that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

(iv) *Refund*

If ZIC is required to make a Tax Deduction and the relevant Noteholder (acting in good faith) determines that (i) a Tax refund for such Tax Deduction is available to it and it has retained that Tax refund, that Noteholder shall pay within 10 Business Days after such Tax refund an amount to ZIC which that Noteholder determines (in its sole discretion) will leave it (after that payment) in the same after-tax position as it would have been if the payment of the Additional Amount had not been required to be made by ZIC.

(v) *Definitions*

As used in the Conditions:

“**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-2007) of 7 February 2007 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 7. Februar 2007*) 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.

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule (each as defined below).

“**Permitted Non-Qualifying Lender**” means in respect of a Series of Restricted Capital Notes a person or entity which is not a Qualifying Bank on the date it becomes a Noteholder and:

- (i) is initially a Permitted Non-Qualifying Lender (if any) specified in the applicable Pricing Supplement (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with the Conditions), or
 - (ii) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 11(j)) of all but not some only of the Capital 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:
- (A) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 11(j), provided that:

- (a) within ten (10) Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, ZIC may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Noteholder:
 - (i) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to ZIC all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one (1) person only for purposes of the Non-Bank Rules; and
 - (ii) irrespective of whether a request is made in accordance with paragraph (A)(a)(i) 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 satisfaction of ZIC that such proposed Permitted Non-Qualifying Lender does constitute one (1) person only for purposes of the Non-Bank Rules; and
- (b) ZIC, acting reasonably, shall confirm within ten (10) Business Days of notification of all facts (if a request in accordance with paragraph (A)(a)(i) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (A)(a)(ii) 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, ZIC shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth (10th) Business Day after receipt hereof or thereof; and
- (B) 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 Capital Notes of the respective Series and under any and all other existing or future Series of Restricted Capital Notes, or similar instruments, between ZIC and the existing Permitted Non-Qualifying Lender (or any successor thereof).

“**Permitted Non-Qualifying Lenders**” means in respect of a Series of Restricted Capital 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.

“**Relevant Date**” means whichever is the later of the date on which the payment in question first becomes due and, if the full amount payable has not been received by the Agent on or prior to that due date, the date on which notice of receipt of the full amount has been given to the Noteholders in accordance with Condition 14.

“**Restricted Capital Notes**” means Capital Notes issued in accordance with Conditions 11(j) and 11(k).

“**Tax Deduction**” has the meaning set out in Condition 5(d).

“**Ten Non-Bank Rule**” means the rule that the aggregate number of Noteholders under a Series of Restricted Capital Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines.

“**Twenty Non-Bank Rule**” means the rule that the aggregate number of the lenders of ZIC (including Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debenture (*Kassenobligation*), such as intra-Group loans, facilities and/or private placements (including under Restricted Capital Notes and Capital 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.

Under existing law, ZIC is obliged to withhold the Swiss federal withholding tax on any payment of interest in respect of a Capital Note at the current rate of 35 per cent. On 17 December 2014 the Swiss Federal Council issued draft legislation, which, if enacted, would remove such obligation entirely. Instead, the obligation would be imposed on any paying agent in Switzerland (as defined in the proposed new law) but only if the payment of interest in respect of a Capital Note were made to a beneficiary resident in Switzerland (subject to certain exceptions). In all other cases no withholding obligation would arise under the proposed new law.

(b) Notes issued by ZHCA

(i) Additional Amounts

In the case of Capital Notes issued by ZHCA, all payments of principal, premium and interest in respect of the Capital 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 Code, unless such withholding or deduction is required by law, intergovernmental agreement and/or 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:

- (a) any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for (1) 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 such 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 Capital Note; (2) such 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; (3) an election by a Noteholder of Capital Notes or beneficial owner of Capital Notes, the effect of which is to make payment in respect of the Capital Notes subject to United States federal income tax; or (4) such Noteholder or beneficial owner being a bank for U.S. federal income tax purpose whose receipt of interest on a Capital Note is described in Section 881(c)(3)(A) of the Code;
- (b) any tax, duty, levy, assessment or other governmental charge which would not have been so imposed but for presentation by the Noteholder of a Capital Note for payment on a date more than 15 days after the Relevant Date;
- (c) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, levy, assessment or other governmental charge;
- (d) 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 Capital Note;
- (e) any tax, duty, levy, assessment or other governmental charge that is imposed, assessed, levied or collected by reason of Section 1471 through 1474 of the Code (or any regulations promulgated thereunder or administrative interpretations thereof or agreement with any Relevant Jurisdiction relating thereto);
- (f) 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 Capital 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.;
- (g) 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;
- (h) any tax, duty, levy, assessment or other governmental charge imposed by reason of payments on a Capital 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 Capital Notes at the time such Noteholder acquired the Capital Notes;
- (i) 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 Capital Notes being subject to backup withholding as of the date of the purchase of the Capital Note;
- (j) where such withholding or deduction is imposed on a payment to an individual or a residual entity and (y) is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such Directive or (z) is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC, including, but not limited to, the agreement between

the European Community and the Confederation of Switzerland dated as of 26 October 2004, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

- (k) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014, in particular the principle to have a person other than the Issuer withhold or deduct the tax, including, without limitation, any paying agent;
- (l) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note;
- (m) by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU; or
- (n) any combination of items (a) through (m) above.

(iii) Treatment of Capital Notes as indebtedness

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

9. Prescription

The Capital Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Dissolution Event

(a) Dissolution Event

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent in nominal amount of the Capital Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (but, in each case, subject to the Trustee having been indemnified and/or secured to its satisfaction), give notice to the relevant Issuer that the Capital Notes are immediately due and repayable at an amount equal to the principal amount of such Capital Note together with accrued interest and, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, any applicable Deferred Interest if the following event ("**Dissolution Event**") shall have occurred: a resolution is passed or an order of a court of competent jurisdiction is made that the relevant Issuer or ZIC (where ZIC is not the relevant Issuer) be wound up or dissolved otherwise than for the purpose 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 of Noteholders or as a result of a Permitted Reorganisation (as defined below).

(b) Proceedings for Winding-up

If the Capital Notes become due and repayable (whether pursuant to Condition 10(a), Condition 7 or otherwise) and are not paid when so due and repayable, the Trustee may at its discretion participate in, but not itself institute, proceedings for the winding-up of the relevant Issuer and/or, as applicable, the Guarantor and may take no further action to enforce the obligations of the relevant Issuer for payment of any principal or interest (including, in the case of Capital Notes which are specified in the applicable Pricing Supplement as being Cumulative, applicable Deferred Interest, if any) in respect of the Capital Notes.

If the Guarantor (where applicable) fails to pay to the Trustee (pursuant to the relevant Capital Notes Guarantee and the Trust Deed) an amount claimed under the relevant Capital Notes Guarantee, the Trustee may at its discretion participate in, but not itself institute, proceedings for the winding-up of the Guarantor and may take no further action to enforce the obligations of the Guarantor under the relevant Capital Notes Guarantee.

No payment in respect of the Capital Notes may be made by the relevant Issuer pursuant to Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the relevant Issuer.

(c) Enforcement

Without prejudice to Condition 10(a) or 10(b) above (including, for the avoidance of doubt, the Trustee's right to make a demand under the relevant Capital Notes Guarantee), however, in the case of Restricted Capital Notes, subject to Conditions 11(j) and

11(k), the Trustee may at its discretion and without further notice institute such proceedings against the relevant Issuer or, as the case may be, the Guarantor as it may think fit to enforce any obligation, condition or provision binding on the relevant Issuer or, as the case may be, the Guarantor under the Trust Deed, the Capital Notes, the Capital Notes Guarantee or the Coupons (other than any obligation for the payment of any principal or interest in respect of the Capital Notes or the Coupons) provided that the relevant Issuer and the Guarantor shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(d) Rights of Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or, as the case may be, the Guarantor or to prove in the winding-up of the relevant Issuer or, as the case may be, the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders or Couponholders shall have only such rights against the relevant Issuer or, as the case may be, the Guarantor as those which the Trustee is entitled to exercise.

(e) Extent of Noteholders' Remedy

No remedy against the relevant Issuer or the Guarantor other than as referred to in this Condition 10 or, as applicable, in the Capital Notes Guarantee, shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Capital Notes or under the Trust Deed or the Capital Notes Guarantee or in respect of any breach by the relevant Issuer of any of its other obligations under or in respect of the Capital Notes or under the Trust Deed or by the Guarantor under the Capital Notes Guarantee.

(f) Definitions

In this Condition: "**Permitted Reorganisation**" means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the relevant Issuer or, as applicable, the Guarantor under which:

- (a) the whole or a substantial part of the business, undertaking and assets of the relevant Issuer or, as applicable, the Guarantor are transferred to, and all the liabilities and obligations of the relevant Issuer or, as applicable, the Guarantor are assumed by, the new or surviving entity either:
 - (A) automatically by operation of applicable law; or
 - (B) by means of the new or surviving entity assuming all of the obligations of the relevant Issuer or, as applicable, the Guarantor under the terms of the Trust Deed and the Notes or (as the case may be) the Capital Notes 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 or (as the case may be) the Capital Notes Guarantee, in place of the relevant Issuer or, as applicable, the Guarantor 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 relevant Issuer or, as applicable, the Guarantor was subject to immediately prior thereto.

11. Exchange of Capital Notes, transfer of Registered Global Notes, interests in Reg. S Notes, Individual Registered Notes and Replacement of Notes, Coupons and Talons

(a) Exchange of Bearer Notes for Registered Notes

If so specified in the applicable Pricing Supplement, a Bearer Note in definitive form may be exchanged for Registered Notes of like aggregate nominal amount (in individual registered form) by submission of a duly completed request for exchange substantially in the form provided in the Agency Agreement (an "**Exchange Request**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, together with the Definitive Bearer Note and all unmatured Coupons and Talons appertaining thereto, to a Transfer Agent at its specified office. Within five business days (being for this purpose, a day on which commercial banks and foreign exchange markets are open for business in the jurisdiction of the relevant Transfer Agent) of the request, in relation to Individual Registered Notes for which the Definitive Bearer Note is to be exchanged, the relevant Transfer Agent will authenticate and deliver, or procure the authentication and delivery of, at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the Exchange Request, the Individual Registered Note(s) of a like aggregate nominal amount to the Definitive Bearer Note(s) exchanged and will enter the exchange of the Definitive Bearer Note(s) in the Register maintained by the Registrar as of the date which is 40 days after the date on which any Temporary Global Note is issued (the "**Exchange Date**").

Exchange Requests may not be presented on or after the Record Date (as defined in Condition 6(b)) in respect of any Interest Payment Date up to and including such Interest Payment Date. Interest on Individual Registered Notes issued on exchange will accrue as from the immediately preceding Interest Payment Date, as the case may be. No exchanges of Bearer Notes for

Registered Notes or interests in Registered Global Notes will be permitted for so long as the Bearer Notes are represented by a Temporary Global Note.

(b) Exchange of interests in Registered Global Notes for Individual Registered Notes

Interests in the Reg. S Global Note will be exchangeable for Individual Registered Notes in the following limited circumstances: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business or does in fact do so and no alternative clearance system acceptable to the Trustee is available or (ii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of Noteholders under the Capital Notes represented by such Registered Global Note, and the Trustee has been advised by counsel that in connection with such proceedings it is necessary or appropriate for the Trustee to obtain possession of Individual Registered Notes representing the Registered Global Note. Upon the occurrence of any of the events described in the preceding sentence, the relevant Issuer will cause the appropriate Individual Registered Notes to be delivered, provided that notwithstanding the above, no Individual Registered Notes will be issued until expiry of the applicable Distribution Compliance Period.

(c) Transfers of Registered Global Notes

Transfers of a Registered Global Note shall be limited to transfers of such Registered Global Note, in whole but not in part, to a nominee of Euroclear or Clearstream, Luxembourg or to a successor of any of them or such successor's nominee.

(d) Transfers of interests in Reg. S Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of an interest in, a Reg. S Note to a transferee in the U.S. will only be made pursuant to the U.S. Securities Act or an exemption therefrom, subject to receipt by the relevant Issuer of such satisfactory evidence as the relevant Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the U.S., and in accordance with any applicable securities laws of any state of the U.S. or any other jurisdiction.

After expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

(e) Exchanges and transfers of Registered Notes generally

Registered Notes may not be exchanged for Bearer Notes.

Transfers of interests in Reg. S Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in a Reg. S Global Note will be transferable and exchangeable for Individual Registered Notes or for an interest in another Reg. S Global Note only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg (the "**Applicable Procedures**").

Upon the terms and subject to the conditions set forth in the Agency Agreement, an Individual Registered Note may be transferred in whole or in part (in the authorised Denominations set out in the applicable Pricing Supplement) by the holder or holders surrendering the Individual Registered Note for registration of the transfer of the Individual Registered Note (or the relevant part of the Individual Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the relevant Issuer and the Registrar, or as the case may be, the relevant Transfer Agent may with the prior approval of the Trustee prescribe, including any restrictions imposed by the relevant Issuer on transfers of Registered Notes in individual form originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Individual Registered Note of a like aggregate nominal amount to the Registered Note (or the relevant part of the Individual Registered Note) transferred. In the case of the transfer of part only of an Individual Registered Note, a new Individual Registered Note in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of an Individual Registered Note for an interest in, or to a person who takes delivery of such Individual Registered Note through, a Reg. S Global Note will be made no later than 60 days after the receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the Individual Registered Note to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

(f) Registration of transfer upon partial redemption

In the event of a partial redemption of Capital Notes under Condition 7(d), the relevant Issuer shall not be required:

- (i) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the date on which notice is given specifying the serial numbers of Capital Notes called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(g) Closed periods

No Noteholder may require the transfer of a Registered Note to be registered during the period of 30 days ending on the due date for any payment of principal or interest on that Capital Note.

(h) Costs of exchange or registration

The transfer of a Capital Note will be effected without charge by or on behalf of the relevant Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require from the Noteholder in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) Replacement of Capital Notes, Coupons and Talons

Should any Capital Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of an Individual Registered Note, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 14, 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 relevant Issuer may reasonably require. Mutilated or defaced Capital Notes, Coupons or Talons must be surrendered before replacements will be issued.

(j) Restrictions on Transfer of Certain Capital Notes

- (i) If the applicable Pricing Supplement designates the Capital Notes as Restricted Capital Notes, (but not otherwise) the provisions of this Condition 11(j) shall apply and the Restricted Capital 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) in whole, but not in part (except for parts of Restricted Capital 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 11(j) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.

The Restricted Capital Notes will bear a legend setting forth the applicable transfer restrictions provided for in this Condition 11(j).

- (ii) A Noteholder may at any time require that the relevant Issuer replaces such Noteholder’s certificate(s) representing the Restricted Capital Notes with certificates in minimum denominations equal to the Restricted Capital Note Minimum Denomination Amount specified in the applicable Pricing Supplement.
- (iii) Restricted Capital Notes may only be Transferred in amounts equal to the Restricted Capital Note Transfer Amount specified in the applicable Pricing Supplement.
- (iv) Any Transfer of a Restricted Capital Note shall be recorded by the Registrar in the Register on production of:
 - (a) the relevant certificate representing the Restricted Capital Note and certification delivered to the Registrar by the transferee to the effect that it is a Permitted Non-Qualifying Lender; and
 - (b) such other evidence as the relevant Issuer may require.

Any Transfer of a Restricted Capital Note shall only be effective and shall only be recorded by the Registrar in the Register if such Restricted Capital Note is Transferred in accordance with this Condition 11(j).

- (v) Subject to this Condition 11(j), 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 Capital 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 relevant Issuer),
- (b) the other person will have no proprietary interest in the benefit of the Restricted Capital Notes or in any monies received by the Noteholder under or in relation to the Restricted Capital Notes held by that Noteholder, and
- (c) the other person will under no circumstances (other than by way of permitted Transfer under this Condition 11(j)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Capital Notes, and otherwise have any contractual relationship with, or rights against, the relevant Issuer under or in relation to the Restricted Capital Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 11(k) shall not constitute a transfer of an interest under the Restricted Capital Notes for the purposes of this Condition 11(j).

- (vi) As of the Issue Date and for so long as the Restricted Capital Notes are outstanding, the relevant Issuer will ensure that it is in compliance with the Non-Bank Rules, provided that the relevant Issuer will not be in breach if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set forth in this Condition 11(j) or in Condition 11(k).

(k) Grants of Security

If the applicable Pricing Supplement provides that the Capital Notes are Restricted Capital Notes then the following provisions of this Condition 11(k) shall apply but not otherwise. Any Noteholder may, without the consent of the relevant Issuer, at any time charge or create a security interest in all or any portion of its rights under any Restricted Capital 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 11(j); or
 - (b) require any payments to be made by the relevant Issuer other than as required by the Restricted Capital Notes. A copy of any notice of charge or creation of security interest as envisaged in this paragraph shall be delivered to the Agent and the 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 upon any assignment or transfer of the interest in the Restricted Capital Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 11(j); 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.

12. Agent, Paying Agents, Transfer Agents and Registrar

The names of the initial Agent, the other initial Paying Agents, the initial Registrar and the initial Transfer Agents and their initial specified offices are set out below.

The relevant Issuer is, with the prior written approval of the Trustee (such approval not to be unreasonably withheld), entitled to vary or terminate the appointment of any Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Registrar or Transfer Agent acts, provided that:

- (i) so long as the Capital Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe;
- (iii) there will at all times be an Agent and a Registrar;
- (iv) there will at all times be a Transfer Agent having a specified office in a place approved by the Trustee; and
- (v) the relevant Issuer undertakes that it will ensure that it maintains a Paying Agent and a Registrar in an EU member state (if any) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the penultimate paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or where the Paying Agent is not, or ceases to be, a FATCA Compliant Entity, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

Notwithstanding the foregoing, the relevant Issuer will in respect of any Listed Swiss Franc Capital Notes at all times maintain a Principal 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.

As used herein:

"FATCA Compliant Entity" means a person payments to whom are not subject to FATCA Withholding; and

"FATCA Withholding" means any amount required to be withheld or deducted pursuant to the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions and any regulations and official guidance issued thereunder) pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service.

13. Exchange of Talons

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (as the case may be) on which the final Coupon of the relative Coupon sheet matures.

14. Notices

All notices regarding the Bearer Notes shall be published (i) if and for as long as such Bearer Notes are in definitive bearer form in a leading English language daily newspaper of general circulation in London, (ii) if and for so long as such Bearer Notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.bourse.lu), (iii) (in the case of Listed Swiss Franc Capital Notes) in a leading newspaper of general circulation in Switzerland which is expected to be the *Feuille Officielle Suisse du Commerce* and in a daily newspaper in each of Zurich and Geneva. It is expected that such publication will be made (in the case of (i) above) in the *Financial Times* in London or any other daily newspaper in London approved by the Trustee or, if this is not possible, in another English language daily newspaper approved by the Trustee with general circulation in Europe and on the website of the Luxembourg Stock Exchange (www.bourse.lu). The relevant 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 Capital 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 or, where required to be published in more than one newspaper, on the first date on which publication in all the required newspapers has been made. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the relative Noteholders in accordance with this Condition.

All 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 shall be deemed to have been given on the fourth day after the day on which it is mailed. If and for so long as the relevant Registered Notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, all notices regarding Registered Notes shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Capital Notes and in addition, for so long as any Capital Notes are listed on the Luxembourg Stock Exchange, a notice will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given to the holders of the Capital Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Capital Notes shall be in writing and given by lodging the same, together with the relative Capital Note or Capital Notes, with the Agent. Whilst any of the Capital Notes are represented by a Global Note, such notice may be given by any holder of a Capital Note to the Agent and/or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the

case may be, in such manner as the Agent and/or the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver, Entitlement of Trustee, Substitution, Change and Indemnification of Trustee

(a) Single Noteholder

In relation to any Restricted Capital Notes so long as there is only one Noteholder thereof, who shall certify to the Trustee that it is the sole Noteholder of the Capital Notes and is not holding such Notes as a depositary for, or nominee of, Euroclear, Clearstream, Luxembourg on or prior to any such amendment, waiver or variation being made (i) no amendment, waiver or variation of the Capital Notes or the Trust Deed may be made without the prior written consent of such Noteholder and parties to the Trust Deed and (ii) the meeting, quorum and voting provisions of Condition 15(b) shall not apply.

(b) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of such Capital Notes, the relative Coupons or any relevant provisions of the Trust Deed. Such a meeting may be convened by the relevant Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent in nominal amount of the Capital Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent in nominal amount of the Capital Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Capital Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Trust Deed, the Capital Notes or Coupons (including modifying the dates for redemption of the Capital Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Capital Notes, varying the method of calculating the rate of interest on the Capital Notes or altering the currency of payment of the Capital Notes or Coupons, varying, amending or granting a waiver in relation to Condition 2, 3, 4, 5, 6 or 7 modifying the provisions concerning the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution or modifying the percentage required to pass any resolution), the quorum shall be one or more persons holding or representing more than two-thirds in nominal amount of the Capital Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in nominal amount of the Capital Notes for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on the relevant Couponholders. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent in nominal amount of Capital Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. The provisions for convening meetings of Noteholders contained in the Trust Deed shall not apply to Listed Swiss Franc Capital Notes.

The provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Capital Notes.

(c) Modification and Waiver

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions as provided in the Trust Deed) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification of any of these Terms and Conditions of the Capital Notes, the Coupons or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any such modification, waiver, authorisation or determination shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

(d) Powers and Discretions

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer, or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except, in the case of the relevant Issuer, to the extent provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders or the Couponholders, to the substitution at any time or times of the relevant Issuer as the principal debtor under the Trust Deed and the Capital Notes and Coupons. The relevant Issuer may at any time with the agreement of the Trustee as aforesaid, without the consent or approval of the Noteholders, substitute for itself as principal debtor under the Capital Notes a successor in business to the relevant Issuer or such substitute, being a duly licensed and regulated entity that carries on the business of an insurance company within the Zurich Insurance Group.

The relevant Issuer may only transfer its obligations under the Capital Notes if (i) the rating assigned by both Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**") or its successor to the transferee's senior unsecured debt is equal to or higher than the senior unsecured debt rating of the relevant Issuer immediately after such transfer (it being understood that if such senior unsecured debt is rated by only one of Moody's or S&P or their respective successors immediately prior to such transfer, then only the then existing rating must be equal to or higher than the corresponding ratings immediately after such transfer) and the transferee is an affiliate of ZIG and is engaged in the same line of business that the Zurich Insurance Group is engaged in on the date of such transfer or (ii) the transfer is approved by the holders of the Capital Notes in the manner set out in Condition 15(a) above, provided that the foregoing shall not preclude the relevant Issuer from transferring its obligations under the Capital Notes where such transfer is pursuant to the transfer of substantially all of the relevant Issuer's assets and obligations to another entity pursuant to any merger, consolidation or corporate reorganisation or by operation of law in which case neither the rating condition nor the approval of the holders of the Capital Notes will be required.

Notwithstanding the above, by subscribing to or purchasing the Capital Notes, the Noteholders expressly consent to the substitution of the relevant Issuer on the conditions referred to above and expressly consent to the release of the relevant Issuer from any and all obligations in respect of the Capital Notes and are deemed to have expressly accepted such substitution. Such agreement shall be subject to the relevant provisions of the Trust Deed.

The Trust Deed contains general provisions for the retirement and removal of the Trustee and the appointment by the relevant Issuer of a substitute issuer which has previously been approved by the Trustee.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

16. Further Issues

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Capital Notes or the same in all respects save for 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 Capital Notes.

17. Governing Law and Submission to Jurisdiction

- (a) The Trust Deed (other than (i) the provisions relating therein to the Capital Notes Guarantee which shall be governed by, and construed in accordance with, the laws of Switzerland and (ii) the provisions relating therein to subordination which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Capital Notes), the Capital Notes (other than the provisions of Condition 2 which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the relevant Issuer of the Capital Notes) and the Coupons 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 relevant Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Capital Notes and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Capital Notes and the Coupons may be brought in such courts.
- (c) The relevant 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 shall limit any right to take Proceedings against the relevant Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (e) The relevant 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.

- (f) Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (g) In respect of Listed Swiss Franc Capital Notes only, the relevant Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders and the Couponholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (h) Each Capital Notes Guarantee will be governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of the Capital Notes Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Capital Note or the Trust Deed under the United Kingdom Contracts (Rights of Third Parties) Act 1999.

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 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 and Capital Notes by ZIC will be used in Switzerland to refinance existing debt of ZIC or, alternatively, for general corporate purposes.

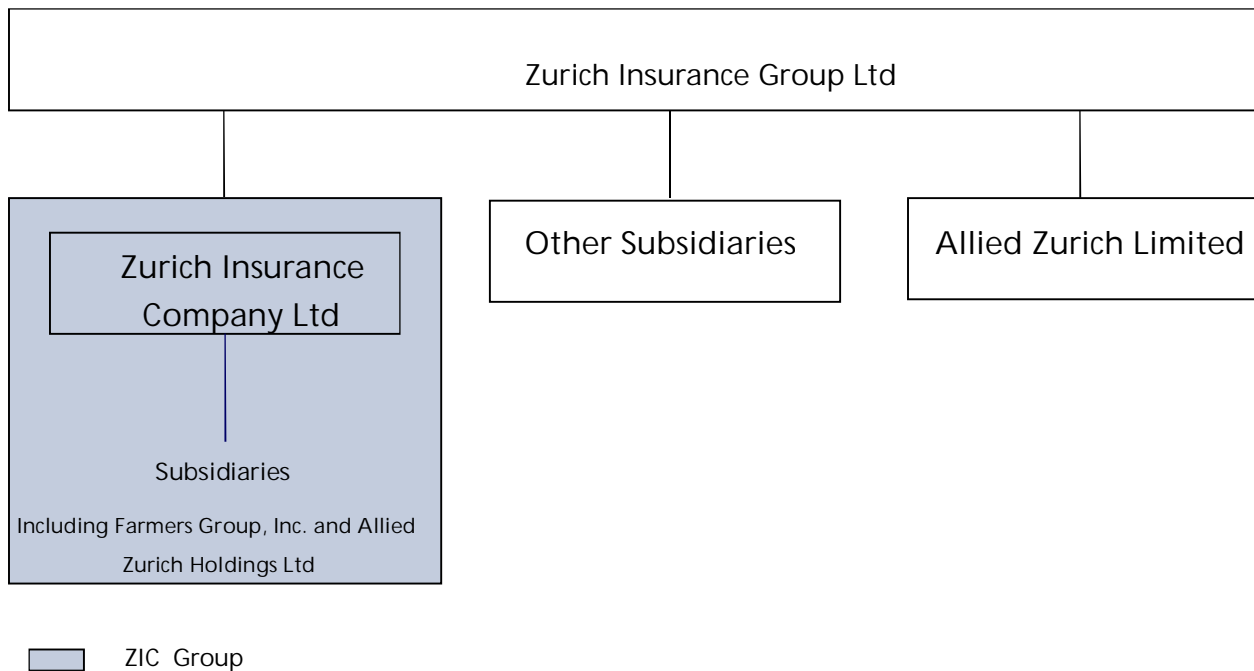
The net proceeds from each issue of Notes by ZF (UK) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time 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 or Capital Notes by ZHCA will be used either to refinance existing debt of ZHCA or, alternatively, for general corporate purposes, in each case outside Switzerland unless 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.

ZURICH INSURANCE COMPANY LTD

GENERAL INFORMATION

Overview of the ZIC Group structure



ZIC is a public limited liability company (*Aktiengesellschaft*) founded for an unlimited duration and operating under the Swiss Code of Obligations and Swiss insurance law and regulation and 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 articles of incorporation of ZIC date from 6 April 2009. 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 terminates 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 public limited liability company (*Aktiengesellschaft*) under Swiss Law and is incorporated in Zurich, Switzerland. Its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland. ZIG has a listing on the SIX Swiss Exchange.

Share Information

The share capital of ZIC amounts to CHF 825,000,000, divided into 82,500,000 issued and fully paid-up 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.

ZIC paid an ordinary dividend of CHF 2.5 billion on 9 April 2015 in respect of the financial year 2014. In 2014, ZIC paid an ordinary dividend of CHF 2.5 billion in respect of the financial year 2013 and in 2013 an ordinary dividend of CHF 2.2 billion in respect of the financial year 2012.

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 for 2014-2016 is designed to deliver sustainable, profitable growth in a changing and more competitive business environment. It builds on the ZIC Group's strengths and places customers and their needs at the centre of the business. The ZIC Group is investing for growth in mature and emerging markets with the highest potential, managing other businesses for value, and growing operating earnings by further reducing complexity and operational costs while extracting additional profits from the business and investments.

The Segments

The ZIC Group pursues a customer-centric strategy and is managed on a matrix basis, reflecting both businesses and geography. The ZIC Group's operating segments have been identified on the basis of the businesses operated by the ZIC Group and how these are strategically managed to offer different products and services to specific customer groups. Segment information is presented accordingly. The ZIC Group's segments are as follows:

- General Insurance provides a variety of motor, home and commercial products and services for individuals, as well as small and large businesses.
- Global Life pursues a strategy of providing market-leading unit-linked, protection and corporate propositions through global distribution and proposition pillars to develop leadership positions in its chosen segments.
- Farmers, through Farmers Group, Inc. and its subsidiaries (FGI), provides 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. This segment also includes all reinsurance assumed from the Farmers Exchanges by the ZIC Group. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S.

For the purpose of discussing financial performance the ZIC Group considers General Insurance, Global Life and Farmers to be its core business segments.

Other Operating Businesses predominantly consist of the ZIC Group's Holding and Financing and Headquarters activities. Certain alternative investment positions not allocated to business operating segments are included within Holding and Financing.

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 ZIC Group Key Segmental Information

Audited consolidated figures of the ZIC Group

in USD millions, as reported for the year ended 31 December 2014	Gross written premiums and policy fees	Total BOP¹ revenues	Net income/(loss) before income taxes
General Insurance	36,333	33,110	3,469
Global Life	14,594	30,519	1,929
Farmers	3,428	6,914	1,611
Other Operating Businesses.....	45	1,212	(995)
Non-Core Businesses	491	1,573	(96)
Total ZIC Group(*).....	54,781	71,440	5,917

* The Total ZIC Group information is presented after elimination of the inter-segment transactions, and as such does not reflect the sum of segment figures.

¹Business Operating Profit (BOP): This measure is the basis on which the ZIC Group manages all of its business units. It indicates the underlying performance of the ZIC Group's business units, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders' taxes, net capital gains/losses and impairments on investments (except for the capital markets included in Non-Core Businesses, investments in hedge funds, certain securities held for specific economic hedging purposes and policyholders' share of investment results for the life businesses) and non-operational foreign exchange movements. Significant items arising from special circumstances, including restructuring charges, charges for litigation outside the ordinary course of business, gains and losses on divestments of businesses, impairments of goodwill and the change in estimates of earn-out liabilities (with the exception of experience adjustments, which remain within BOP) are also excluded from BOP.

The ZIC Group Key Financial Information

	As at or for the year ended 31 December 2014 (audited)	As at or for the year ended 31 December 2013 (audited)
in USD millions		
Gross written premiums and policy fees	54,781	54,849
Net written premiums and policy fees	48,680	48,303
Net investment result on Group investments	9,239	7,504
Net income before income taxes	5,917	6,103
Net income after taxes attributable to shareholders.....	3,932	4,127
Total investments.....	339,708	341,783
Reserves for insurance contracts.....	253,719	265,440
Shareholders' equity	33,721	31,851

Restatements and reclassifications

The ZIC Group has reviewed the classification of certain life insurance products, which resulted in the reclassification of a product for an amount of USD 50 million. The reclassification was prospectively recognised in 2014 with no impact on the ZIC Group's consolidated balance sheet or income statement. As a result of this change there was a reduction in future life policyholders' benefits, and an increase in reserves for unit-linked contracts. The reduction in future life policyholders' benefits is set out in note 8 of the ZIC Group's annual report 2014.

The ZIC Group transferred certain liabilities between "reserves for losses and loss adjustment expenses" and "future life policyholders' benefits" for an amount of USD 47 million. The reclassification was prospectively recognised in 2014 as the reclassification has no impact on the ZIC Group's consolidated balance sheet or income statement. The reclassifications between "reserves for losses and loss adjustment expenses" and "future life policyholders' benefits" are set out in note 8 of the ZIC Group's annual report 2014.

The ZIC Group transferred certain unit-linked liabilities from "liabilities for investment contracts" to "reserves for unit-linked liabilities" for an amount of USD 425 million and from deferred origination costs to deferred policy acquisition costs for an amount of USD 19 million. The reclassification was prospectively recognised in 2014 as the reclassification has no impact on the ZIC Group's consolidated income statement. The reduction in liabilities for investment contracts is set out in note 9 and the transfer from deferred origination costs to deferred policy acquisition costs is set out in note 12 of the ZIC Group's annual report 2014.

The ZIC Group has revised the consolidated statement of cash flows to present certain net short term purchases and net sales, which were previously presented as gross purchases and gross sales. This resulted in no changes to net cash provided by operating activities. Prior periods have been revised to reflect this change. Further, the ZIC Group identified that cash disbursements for certain intangible assets amounting to USD 549 million for the year ended 31 December 2013 had been erroneously classified within operating activities. These have been reclassified to investing activities.

Subsequent Events

Investor day

On 21 May 2015, ZIG, the ultimate parent company of ZIC, held its Investor Day 2015 to update investors and analysts on the progress of its strategy for 2014 to 2016, and its key priorities for the next 18 months. ZIG expects to (i) deliver on its targets for 2014 to 2016 strategic period, (ii) continue its focus on operating efficiency to deliver annual cost savings of USD 300 million by the end of 2016 and at least USD 1 billion by the end of 2018, and (iii) deploy USD 3 billion in excess capital in the next 18 months, either through M&A transactions or a return of capital to its shareholders.

Results release

On 7 May 2015, ZIG published its unaudited consolidated interim financial statements as of and for the three-month period ended 31 March, 2015.

Notice of early redemption of EUR 268,701,000 dated subordinated notes

On 15 May 2015, Zurich Finance (USA), Inc. gave notice to the holders of its EUR 268,701,000 outstanding aggregate nominal amount of 4.50 per cent dated subordinated notes issued on 15 June 2005 (the “**2005 Notes**”) that it will exercise its option to early redeem the 2005 Notes on their first optional redemption date of 15 June 2015. The 2005 Notes will be redeemed at the total optional redemption amount of EUR 280,792,545.

Placement of USD 300 million of dated subordinated notes

On 16 April 2015, ZIC issued USD 300 million of subordinated notes, which mature in October 2045, and are first callable in October 2025. The annual coupon is fixed at 4.25 per cent. until the first call date. Thereafter, the holders of the subordinated notes will receive a floating rate coupon.

Changes to the Board of Directors

On 1 April 2015, the Ordinary General Meeting newly elected Joan Amble and Kishore Mahbubani to the Board of Directors. Tom de Swaan was re-elected as Chairman for a further term of office of one year. All other members of the Board of Directors were also re-elected for a further term of office of one year. In its constituent meeting held after the General Meeting, the Board of Directors re-elected Fred Kindle as Vice-Chairman.

2015 Dividend payment

On 1 April 2015, the ZIG Annual General Meeting approved a gross dividend of CHF 17.00 per share. This gross dividend represented a 71 per cent payout of 2014 earnings to shareholders, and was paid out from the capital contribution reserve within shareholders' equity during the second quarter of 2015.

Reclassification of UK asbestos business

On 1 January 2015, the UK asbestos business of ZIC Group, which was previously managed by General Insurance, is now managed by Non-Core Businesses and has been reclassified accordingly. This change had no impact on the ZIC Group.

Accounting Policy change

On 1 January 2015, the ZIC Group changed its accounting policy relating to recognition of cumulative foreign currency translation adjustments, moving from an absolute to a proportionate ownership interest method. The impact on the ZIC Group's consolidated balance sheet will be a reclassification of losses of USD 54 million from retained earnings to cumulative foreign currency translation adjustment as of 31 December 2014.

Amendments to and implementation of new accounting standards

The following amendments to accounting standards and interpretations of standards relevant to the ZIC Group have been implemented for the financial year beginning 1 January 2014, with no material impact on ZIC Group's financial position or performance:

- IFRIC 21 “Levies”
- Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”
- Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”

The following 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. In addition to the standards and amendments listed below, the ZIC Group will also have to incorporate amendments resulting from the IASB annual improvements project, which relate primarily to disclosure enhancements.

- IFRS 9 “Financial Instruments²” will be effective for annual periods beginning on or after 1 January 2018.

² 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 (OCI), 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.

- IFRS 15 “Revenue from Contracts with Customers” will be effective for annual periods beginning on or after 1 January 2017.
- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” will be effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16/IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” will be effective for annual periods beginning on or after 1 January 2016.

Appropriation of Available Earnings

On 1 April 2015, it was approved at the annual general meeting of ZIC to pay out a dividend of CHF 2,500,000,000 and to carry forward available earnings of CHF 7,723,157,781.

Board of Directors of ZIC (as at the date of this Base Prospectus)

<u>Name</u>	<u>Nationality</u>	<u>Function</u>	<u>Principal Occupation</u>
Tom de Swaan	Dutch	Chairman of the Board	<p>Skills and experience: Mr. de Swaan has served in the banking industry of The Netherlands for over 40 years. He joined De Nederlandsche Bank N.V. in 1972 and from 1986 until 1998 was a member of the governing board. In January 1999, he became a member of the managing board and chief financial officer of ABN AMRO Bank. He retired from ABN AMRO in May 2006, but continued as an advisor to the managing board until June 2007. Between 1987 and 1988, Mr. de Swaan was chairman of the Amsterdam Financial Center and from 1995 to 1997 chairman of the banking supervisory sub-committee of the European Monetary Institute. He was also a member of the Basel Committee on Banking Supervision from 1991 to 1996, its chairman from 1997 to 1998 and a non-executive director on the board of the UK's Financial Services Authority from January 2001 until the end of 2006. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2006. In March 2012 he was elected vice-chairman, acting as chairman from August 2013 on. He was elected chairman of the board in September 2013.</p> <p>Committee membership: Governance and Nominations Committee (Chairperson), Remuneration Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: Mr. de Swaan has been a non-executive member of the board of GlaxoSmithKline Plc since 2006. He has been a member of the supervisory board of Royal DSM, a Netherlands-based nutrition group, since 2006 and chairman of the supervisory board of Van Lanschot NV, the holding company of F. van Lanschot Bankiers, an independent Dutch bank, since 2008. In addition Mr. de Swaan is chairman of the board of the Netherlands Cancer Institute, chairman of the board of trustees of the Van Leer Jerusalem Institute and acts as director of certain other non-profit organisations. He is also a member of the European Financial Services Round Table – EFR and of the advisory board of China Banking Regulatory Commission in Beijing.</p> <p>Educational background: Mr. de Swaan graduated from the University of Amsterdam with a master's degree in economics.</p>
Fred Kindle.....	Citizen of Fürstentum Liechtenstein and Switzerland	Vice-Chairman of the Board	<p>Skills and experience: Mr. Kindle began working in the marketing department of Hilti AG in Liechtenstein in 1984. From 1988 until 1992, he was a consultant with McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland, where he held several management positions. In 1999 he was appointed CEO of Sulzer Industries and in 2001 he became CEO of Sulzer AG, where he also served as a board member. After joining ABB Ltd in 2004, Mr. Kindle was appointed CEO of ABB Group in January 2005, a position he held until February 2008. He then became a partner of Clayton, Dubilier & Rice LLP, a private equity firm based in New York and London. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2006. He was elected Vice-Chairman in September 2013.</p> <p>Committee membership: Governance and Nominations Committee, Audit Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: In his capacity as a partner of Clayton, Dubilier & Rice, Mr. Kindle has served as a chairman of Exova Ltd., UK since 2008 and as a chairman</p>

			<p>of BCA Group, UK since 2010. He has also been on the board of VZ Holding Ltd., Zurich since 2002 and was elected chairman in 2014. He has been serving on the board of privately held Stadler Rail AG since 2008.</p> <p>Educational background: Mr. Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with a master's degree in engineering and holds an MBA from Northwestern University, Evanston, United States.</p>
Joan Amble.....	American	Member of the Board	<p>Skills and experience: Joan Amble has substantial financial industry experience. She started her professional career as an accountant with Ernst & Young in 1977. From 1984 to 1989 she served at the Financial Accounting Standards Board (FASB), specialising in pensions, derivatives and other financial instruments. She then spent 14 years with General Electric Company (GE) in various leadership roles, including CFO GE Real Estate, COO and CFO GE Capital Markets, and as Vice President and corporate controller for GE Capital Services. From 2003 to May 2011, Ms. Amble served as executive vice president and corporate comptroller, 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>Committee membership: Audit Committee</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Company Ltd</p> <p>External appointments: She is a member of the boards of SiriusXM Satellite Radio and Brown-Forman, where she chairs the audit committees. 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 Oversight Board's Standing Advisory Group, which advises on the development of auditing and professional practice standards. She is also involved in several organisations focused on the development of women in business, including chair emeritus and co-founder of W.O.M.E.N in America and board member of The New Agenda.</p> <p>Educational background: Ms. Amble received a Bachelor of Science in accounting from the Pennsylvania State University, and later became a certified public accountant (currently inactive).</p>

Susan Bies	American	Member of the Board	<p>Skills and experience: Ms. Bies began her career in 1970 as regional and banking structure economist with the Federal Reserve Bank of St. Louis, Missouri. In 1972, she became assistant professor of economics at Wayne State University, Detroit, Michigan. In 1977, she moved to Rhodes College, Memphis, Tennessee, in a similar role and in 1979 joined First Tennessee National Corporation in Memphis, where she remained until 2001. Her areas of responsibility included tactical planning and corporate development. In 1984, she became chief financial officer and chairman of the asset/liability committee. In 1995, she became executive vice president of risk management and auditor and chairman of the risk management committee, as well as continuing her duties with the asset/liability committee. From 2001 until 2007, she was a member of the Board of Governors of the Federal Reserve System. Between 1996 and 2001, Ms. Bies was a member of the Emerging Issues Task Force of the Financial Accounting Standards Board. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2008.</p> <p>Committee membership: Risk Committee (Chairperson), Audit Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd, Zurich Holding Company of America, Inc.</p> <p>External appointments: Ms. Bies has served as a member of the board of directors of The Bank of America Corporation since June 2009, and joined the board of directors of Merrill Lynch International, London, a subsidiary of Bank of America Corporation, in 2013. She has also been a member of the senior advisory board of Oliver Wyman since 2009. Ms. Bies is also a member of the board of trustees of the Global Association of Risk Professionals (GARP).</p> <p>Educational background: Ms. Bies graduated with a BS degree from the State University College at Buffalo, New York and with an MA degree from Northwestern University, Evanston, where she later gained a PhD.</p>
Dame Alison Carnwath....	British	Member of the Board	<p>Skills and experience: 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 worked as a corporate financier for Lloyds Bank International. From 1982 to 1993, she was assistant director, then director at J. Henry Schroder Wagg & Co in London and New York. From 1993 to 1997, Dame Alison Carnwath was a senior partner at the financial advisory firm Phoenix Partnership. The firm was taken over by Donaldson Lufkin & Jenrette (DLJ) in late 1997; Dame Alison Carnwath continued working for DLJ until 2000. Dame Alison 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. She was awarded a Dame of the British Empire (DBE) in the 2014 New Years Honours List in the UK.</p>

			<p>Committee membership: Remuneration Committee, Risk Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: Dame Alison Carnwath has been a senior advisor of Evercore Partners since 2011 and an independent chairman of Living Bridge Equity Partners LLP (formerly ISIS Equity Partners LLP) since 2000. She has been a chairman of the board of Land Securities Group plc since 2008 and a member of the board of PACCAR Inc. since 2005. Dame Alison Carnwath is also a trustee of the British Library. In September 2013, she was appointed to the advisory council of the St George's Society of New York. Since May 2014 she is a member of the supervisory board of BASF SE and chairman of the audit committee of BASF SE.</p> <p>Educational background: Dame Alison Carnwath graduated in economics and German from the University of Reading. She was also awarded an honorary doctorate (LLB) from the University of Reading.</p>
Rafael del Pino.....	Spanish	Member of the Board	<p>Skills and experience: Mr. del Pino has more than 30 years of international management experience. From 1992 to 1999, he was CEO of Grupo Ferrovial and in 1999, he was appointed executive vice-chairman. In 2000, Mr. del Pino assumed the position of executive chairman and managing director of Ferrovial S.A. During his career at Ferrovial he has transformed the company from a mostly domestic construction company to a leading provider of infrastructure services around the world. In addition, Mr. del Pino was a member of the board of Banesto (Banco Español de Crédito S.A.) from 2003 to 2012. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2012 and of the International Advisory Board of Blackstone from 2007 to 2013.</p> <p>Committee membership: Governance and Nominations Committee, Remuneration Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: Mr. del Pino maintains contact with the academic world through his membership on the MIT Corporation, the International Advisory Board of IESE and the European Advisory Board of Harvard Business School.</p> <p>Educational background: Mr. del Pino graduated in civil engineering from the Universidad Politécnica Madrid and obtained an MBA from MIT Sloan School of Management.</p>
Thomas K. Escher.....	Swiss	Member of the Board	<p>Skills and experience: Mr. Escher has extensive experience in the fields of information technology (“IT”) and banking. He joined IBM in 1974 and had managerial responsibility for several international markets. In 1996, Mr. Escher joined Swiss Bank Corporation as a member of the executive board and was CEO for the major market region in Switzerland and for the IT organisation. Following the merger of Swiss Bank Corporation and Union Bank of Switzerland to form UBS AG in 1998, he headed the IT business area of the wealth management and business banking division until mid-2005 as a member of the group managing board. Mr. Escher assumed the function of vice-chairman in the business group Global Wealth Management & Swiss Bank of UBS AG in 2005. He has been a member of the boards of</p>

			<p>Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2004.</p> <p>Committee membership: Remuneration Committee (Chairperson), Governance and Nominations Committee</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd</p> <p>External appointments: Mr. Escher has been a member of the board of directors of Silent-Power AG of Cham, Switzerland, a company in the alternative energy field, since 2012, and its Chairman since 2013. Mr. Escher has also been the president of the Genossenschaft zum Rüden since 2010.</p> <p>Educational background: Mr. Escher graduated both in electrical engineering and business administration from the Swiss Federal Institute of Technology (ETH).</p>
Christoph Franz	German	Member of the Board	<p>Skills and experience: Mr. Franz started his professional career in 1990 at Lufthansa AG. From 1994 until 2004 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 AG, 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.</p> <p>Committee membership: Remuneration Committee</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: Christoph Franz was elected chairman of the board of Roche Holding Ltd in March 2014. He is also vice-chairman of Swiss International Air Lines Ltd and a member of the board of directors of Stadler Rail AG and Lufthansa Technik Ltd. Mr. Franz serves as a member of the board of trustees of Avenir Suisse and Ernst-Goehner-Stiftung.</p> <p>Educational background: 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>
Monica Mächler	Swiss	Member of the Board	<p>Skills and experience: Ms. Mächler has substantial legal, regulatory and governance expertise in a national and international context. She served as vice-chair of the board of directors to 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 specialising 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</p>

			<p>Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2013.</p> <p>Committee membership: Audit Committee, Risk Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd.</p> <p>External appointments: Ms. Mächler has been a member of the supervisory board of directors of Deutsche Börse AG since May 2012. She also serves on the advisory board of the International Center for Insurance Regulation at the Goethe University Frankfurt am Main and on the board of the Stiftung für schweizerische Rechtspflege.</p> <p>Educational background: Ms. Mächler earned her JD at the University of Zurich's Law School and complemented her studies by attending programs on UK, U.S. and private international law. She is admitted to the bar of the Canton of Zurich.</p>
Kishore Mahbubani.....	Citizen of Singapore	Member of the Board	<p>Skills and experience: Kishore Mahbubani began his career as a diplomat with the Singapore Foreign Service in 1971 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 Foreign Ministry from 1993 to 1998. He has spoken and published globally on geopolitical and economic issues. His latest book <i>The Great Convergence: Asia, the West and the Logic of One World</i>, was selected by the Financial Times as one of the best books of 2013. He has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.</p> <p>Committee membership: Risk Committee</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Company Ltd</p> <p>External appointments: Mr. Mahbubani is dean and professor in the practice of public policy at the Lee Kuan Yew School of Public Policy of the National University of Singapore. 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>Educational background: Mr. Mahbubani graduated with a first-class honours 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>
Don Nicolaisen	American	Member of the Board	<p>Skills and experience: Mr. Nicolaisen has substantial expertise in accounting, auditing and financial reporting. He joined Price Waterhouse in 1967 (which subsequently became PricewaterhouseCoopers or PwC). Mr. Nicolaisen was admitted to that firm's partnership in 1978 where he served in various capacities, including as an auditor and as chairman of their Financial Services practice. Mr. Nicolaisen also led PwC's National Office for Accounting and Securities and Exchange Commission Services from 1988 to 1994 and served on both the U.S. and global boards of PwC from 1994 to 2001. From September 2003 to November 2005, Mr. Nicolaisen was Chief Accountant of the U.S. Securities and Exchange Commission where</p>

		<p>he served as the principal adviser to the Commission on accounting and auditing matters. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2006.</p> <p>Committee membership: Audit Committee (Chairperson), Risk Committee.</p> <p>Other directorships within the Zurich Insurance Group: Zurich Insurance Group Ltd, Zurich Holding Company of America, Inc.</p> <p>External appointments: Mr. Nicolaisen has been a member of the board of directors of Verizon Communications Inc. since 2005, Morgan Stanley since 2006 and MGIC Investment Corporation since 2006. In addition, he serves on the board of advisors for the University of Southern California Leventhal School of Accounting.</p> <p>Educational background: Mr. Nicolaisen graduated from the University of Wisconsin-Whitewater with a BBA degree.</p>
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The business address of each member of the Board of Directors is Mythenquai 2, CH-8002 Zurich, Switzerland. All directors are non-executive, independent from the management, and except for Ms. Monica Mächler, have never held an executive position in the Zurich Insurance Group. Ms. 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, Ms. Mächler 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.

Group Executive Committee of ZIC (as at the date of this Base Prospectus)

Name	Nationality	Function
Martin Senn	Swiss	Chief Executive Officer
Jeff Dailey	U.S. American	Chief Executive Officer - Farmers Group, Inc.
Robert Dickie.....	British	Chief Operations and Technology Officer
Mike Foley	U.S. American	CEO North America Commercial and Regional Chairman of North America
Yannick Hausmann	Swiss	Group General Counsel
Michael Kerner	U.S. American	CEO General Insurance
Axel P. Lehmann	Swiss	Chief Risk Officer and Regional Chairman of Europe, Middle East and Africa
George Quinn	British	Chief Financial Officer
Cecilia Reyes	Swiss/Philippine	Chief Investment Officer and Regional Chairman of Asia Pacific
Kristof Terryn	Belgian	CEO Global Life
Isabelle Welton	Swiss	Chief Human Resources Officer

The business address of each member of the Group 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 Group 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 Group 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 FINMA based on the Swiss Insurance Supervision Law (“ISL”) that came into force on 1 January 2006. Under Swiss law, risk-based capital requirements (target capital) under the Swiss Solvency Test (“SST”) 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. Furthermore, Swiss law currently requires Swiss insurance companies to maintain a “solvency margin” in accordance with Solvency I, similar to the EU solvency margin regime (“Solvency I”). Under the revised Insurance Supervision Ordinance (“ISO”), which is planned to come into effect as of 1 July 2015, the general solvency margin requirement according to Solvency I will be repealed, as it has become obsolete with the SST regime being fully in force, except for situations where bilateral agreements, the only one in force being the “Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than

life insurance”, still require the application of Solvency I. A revision of the agreement is subject to negotiations and agreement between the contracting parties and is currently expected to take place in the second half of 2015, which would mean the complete repeal of Solvency I requirements in Switzerland. 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. The 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 PROCEEDINGS AND REGULATORY INVESTIGATIONS

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. These liabilities are taken into account in setting reserves. The Zurich Insurance Group’s business is subject to extensive supervision, and is in regular contact with various regulatory authorities. Specifically, certain companies within the Zurich Insurance Group are engaged in the following legal proceedings:

Fuller-Austin Litigation

An action entitled Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Insurance Company (ZAIC), et al., was filed in May 2004 in the Superior Court for San Francisco County, California. Three other similar actions were filed in 2004 and 2005 and have been coordinated with the Fuller-Austin action (collectively, the Fuller-Austin Case). In addition to ZAIC and four of its insurance company subsidiaries, Zurich Insurance Company Ltd and Orange Stone Reinsurance Dublin (Orange Stone) are named as defendants. The plaintiffs, who are historical policyholders of the Home Insurance Company (Home), plead claims for, *inter alia*, fraudulent transfer, tortious interference, unfair competition, alter ego and agency liability relating to the recapitalisation of Home, which occurred in 1995 following regulatory review and approval. The plaintiffs allege that pursuant to the recapitalisation and subsequent transactions, various Zurich entities took assets of Home without giving adequate consideration in return, and contend that this forced Home into liquidation. The plaintiffs further allege that the defendants should be held responsible for Home’s alleged obligations under their Home policies. The trial judge designated the plaintiffs’ claims for constructive fraudulent transfer for adjudication before all other claims; he subsequently ordered an initial bench trial on certain threshold elements of those fraudulent transfer claims and on certain of defendants’ affirmative defences (“Phase 1”). The Phase 1 trial commenced on 1 November 2010. Closing arguments were heard on 22 and 23 February 2012.

The court issued its Statement of Decision for Phase 1 on 27 December 2013. While the court found that the plaintiffs had established that Home transferred certain assets to one of the defendants in connection with the 1995 recapitalisation transaction, it held that the plaintiffs’ fraudulent transfer claims, which all related to transfers allegedly made as part of the 1995 recapitalisation, were time-barred. The court further held that Home’s liquidator had exclusive standing to bring fraudulent transfer claims involving Home’s assets. The effect of these holdings should be the dismissal of the plaintiffs’ fraudulent transfer claims. In addition, the court accepted the defendants’ arguments that the findings made by the regulators in approving the recapitalisation transaction are binding on the plaintiffs in the Fuller-Austin Case.

Following a hearing to consider the effect of the initial decision on the plaintiffs’ remaining claims. On 21 July 2014, the court issued a Tentative Statement of Decision for Phase 1A. The court ruled that all of the plaintiffs’ fraudulent transfer causes of action were barred, and asked the plaintiffs to confirm on the record their concession that their unfair competition claims were also barred (the final Statement of Decision for Phase 1A was filed on 27 February 2015). The court allowed the plaintiffs’ remaining claims to proceed, but held that the plaintiffs are bound by the insurance regulators’ determinations that the 1995 recapitalisation was fair and in the best interests of Home’s policyholders, including the plaintiffs. In early 2015, certain plaintiffs committed to voluntarily dismiss their claims with prejudice in exchange for an agreement that the defendants will not pursue them for litigation costs. Requests for dismissal with prejudice of their claims were filed with the Court. The ZIC Group maintains that the Fuller-Austin Case is without merit and intends to continue to defend itself vigorously against the claims of any plaintiff that remains in the case.

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.

In recent years there has been an increase in the number of legislative initiatives that require information gathering and tax reporting regarding the Group’s customers and their contracts, including the U.S. Foreign Account Tax Compliance

Act (“FATCA”) and the expected introduction of other automatic tax information exchange regimes based on the Common Reporting Standard (“CRS”). The Group’s compliance activities in this area, as well as actions by local tax and law enforcement officials (including inquiries and investigations into cross-border business activities), could result in higher compliance costs, remedial actions and other related expenses for its life insurance, saving and pension business. As with the industry more generally, it is also possible that implementation of automatic tax information exchange and other developments relating to cross-border life, saving and pension business could give rise to inquiries by legal, tax and/or regulatory authorities in the future.

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 37, rue du Puits Romain , L-8070 Bertrange, Luxembourg and its telephone number is +352 22 99 99 5735. ZF (Luxembourg) has no subsidiaries.

ZF (Luxembourg) is a wholly owned subsidiary of ZIC. The subscribed and fully paid up capital of ZF (Luxembourg) is EUR 2,050,800 divided into 20,508 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:

<u>Name</u>	<u>Function</u>	<u>Business Address</u>
Ulrik Schytz.....	Director	Mythenquai 2, CH-8002 Zurich, Switzerland
Xavier Groffils.....	Director	20, Val Saint André, L-1128 Luxembourg Ardleigh, Two Mile Borris, Thurles CO. Tipperary Ireland
Ann Marie Callanan	Director	Building Excio, 37, rue du Puits Romain L-8070 Bertrange, 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 is a wholly owned subsidiary of ZFS (UKISA) Limited which in turn is a subsidiary of ZIC. It 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 511227. 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
Stuart Tyler.....	Executive Director	Tricentre One, New Bridge Square, Swindon, SN1 1HN
Neil Evans	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 23 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 15 East North Street, Dover, Delaware 19901, USA. ZHCA is registered with the Delaware Secretary of State under number 0899665. ZHCA's corporate offices are located at 1400 American Lane, 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 2014 and 2013 are incorporated by reference herein, and are accessible on the Luxembourg Stock Exchange, (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
Michael T. Foley	Chairman	None
David Dietz	Director	None
Richard P. Kearns	Director	None
Michael G. Kerner	Director	None
Dalynn J. Hoch	Director	None

The business address of Michael T. Foley, Richard P. Kearns and Dalynn J. Hoch is 1400 American Lane, Schaumburg, IL 60196. The business address of Michael G. Kerner is Mythenquai 2, 8022 Zurich, Switzerland. The business address of David Deitz is One Liberty Plaza, 165 Broadway, New York, NY 10006.

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 Inc. ("**ZALICO**"). ZAIC is a commercial property-casualty insurance provider domiciled in New York. ZALICO is a life insurance company domiciled in Illinois.

Zurich American Insurance Company Inc.

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. All of the outstanding shares of ZAIC are owned by ZHCA. ZAIC has approximately 6,950 employees located throughout the United States of America.

ZAIC contributes a substantial part of the worldwide general insurance premiums of ZIG and is integral to its international insurance strategy. As such ZAIC markets 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 and many foreign markets.

Central to the ZAIC's business strategy are its customer-focused business divisions, which are supported by shared service units. These customer-focused business divisions operate through independent agents and brokers that have access to products and services through a nationwide network of four regional offices and 80 field offices. ZAIC is divided into two strategic business divisions: Global Corporate in North America, which is the North American portion of ZIG's Global Corporate general insurance segment, and North America Commercial which is part of ZIG's general insurance segment and represents its own business division within ZIG.

Global Corporate

Global Corporate in North America, ("**GCiNA**") which is part of ZIG's Global Corporate business division, is comprised of two key business segments – domestic business and global business. GCiNA is an integrated business meeting the domestic and international insurance needs of corporate and global companies by capitalising on its unique transatlantic footprint and global network so it can deliver customised insurance solutions to its customers and brokers. The domestic business segment serves large corporate customers and commercial markets with domestic and global solutions that include property and custom-tailored casualty programs. This segment also includes integrated programs combining insurance and alternative risk mitigating solutions for corporate customers. The global business segment provides comprehensive risk solutions, risk engineering services and claims support to companies with multi-national and global risk management needs.

GCiNA is a key provider of risk management services for large and multinational customers, featuring a broad portfolio of solutions and services chosen by the majority of Fortune's Global 100 companies including workers' compensation, general liability, commercial automobile, highly protected risks, property, boiler and machinery, marine hull and liabilities, ocean cargo, energy property, and energy casualty.

GCiNA's core property and casualty lines in tandem with other ZIG global business divisions provide a broad variety of insurance and risk management services including custom-tailored casualty programs to large corporate and commercial businesses seeking global and domestic property-casualty solutions. Customers are offered insurance and risk management programs designed to help them reduce the cost of risk. This is achieved by developing an extensive knowledge about the needs of each customer through strong broker and customer relationships, which together with distinctive underwriting, risk engineering and claims solutions that leverage global knowledge and capabilities within ZIG companies worldwide, provide value to customers that go beyond product and price.

As a key business division of ZIG, Global Corporate has a significant presence in both North America and Europe.

North America Commercial

North America Commercial (“**NA Commercial**”) provides a broad array of property and casualty insurance coverages (including both standard and specialty lines) to commercial customers in the U.S. NA Commercial serves its customers through shared service units, which provide a unified approach to managing claims, providing underwriting services as well as enhanced services like managed care and risk engineering, and other support functions like information technology, marketing, legal and human resources. NA Commercial is subdivided into the following three primary business units:

- Commercial Markets and Customer Industry Segments;
- Specialty Products; and
- Programs & Direct Markets.

Commercial Markets and Customer Industry Segments

Commercial Markets and Customer Industry Segments is the largest market-facing business unit in NA Commercial with a team of over 300 underwriters across the country. Commercial Markets and Customer Industry Segments strives to maintain a flexible and responsive approach to meeting the needs of its brokers and customers through focused risk management solutions that target an industry-leading segment strategy.

NA Commercial’s Customer Industry Segments (CIS) offer significant growth in key industries including: Construction, Financial Institutions, Healthcare, Manufacturing, Real Estate, Technology, and General Industry Groups.

Specialty Products

Specialty Products offers a unique set of insurance and risk management services. Specialty Products offers coverage for emerging, potentially catastrophic, volatile and unique third-party liability exposures through six strategic business units – (a) Accident and Health, (b) Casualty and Property, (c) Credit and Political Risk, (d) Management Solutions, and (e) Surety.

Programs and Direct Markets

Programs has provided program coverage for more than 60 years, specialising in insurance for small and mid-sized commercial and professional markets, providing a variety of coverages 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.

Zurich American Life Insurance Company Inc. or ZALICO

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, life insurance, annuities and accidental death and disability.

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 its subsidiary, ZALICONY, are part of the Zurich Global Life North America Group which in 2010 announced its strategy of increasing its footprint in the life insurance market in the United States of America. ZALICO and ZALICONY focus on growing its Affluent Markets and Corporate Life and Pensions Business (“**CLP**”) and have expanded into the private placement universal life insurance market and the private placement variable annuity product market.

The CLP segment targets multinational corporations and offers corporate owned life, long term disability and short term disability products. Zurich is actively seeking to expand and leverage its global distribution relationships to grow its CLP business targeting multinational corporations to participate in global corporate employee benefits pooling arrangements.

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.

FORM OF SENIOR GUARANTEE

This guarantee agreement is made on the date of issue of the relevant tranche as specified in the Schedule hereto between:

- (1) ZURICH INSURANCE COMPANY LTD of Mythenquai 2, CH8002 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 and the Couponholders (each 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 of the Trust Deed).

WHEREAS

- (A) [ZURICH FINANCE (LUXEMBOURG) S.A.] [ZURICH FINANCE (UK) PLC] [ZURICH HOLDING COMPANY OF AMERICA, INC.] as issuer, may issue Euro Medium Term Notes in an aggregate nominal amount of up to USD18,000,000,000 (or its equivalent in other currencies) pursuant to a Euro Medium Term Note Programme established by them.
- (B) The Issuer of the Notes of the relevant tranche specified in the Schedule hereto (the “**Issuer**”) has agreed to issue the Notes described in the Schedule hereto (the “**Notes**”) on the issue date specified in the Schedule hereto.
- (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 Notes and under the Trust Deed (the “**Senior ZIC Guarantee**”) for the benefit of the Trustee, the holders of the Notes (the “**Noteholders**”) and the holders of the Coupons (if any) relating thereto (the “**Couponholders**” and the “**Coupons**” respectively) (the Noteholders and the Couponholders together the “**Holders**” and the Notes and the Coupons together the “**Securities**”).

1. GUARANTEE

(1) Senior ZIC 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 Securities and the Trust Deed and waiving all rights of objection and defence arising from the Securities and the Trust Deed to pay to the Trustee, acting for the benefit of the Holders, 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 Securities or the Trust Deed which is equivalent to the amount claimed under the Senior ZIC 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) the Senior ZIC 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) the maximum liability of the Guarantor under the Senior ZIC Guarantee (including, in particular, all amounts payable under Clause 3 of the Senior ZIC Guarantee and all other amounts payable under the Senior ZIC Guarantee) shall not exceed in aggregate [insert currency and amount] (the “**Guarantee Amount**”) calculated in accordance with Note 1 which may not be reduced for so long as any sum remains payable under the Securities;
- (c) all rights arising from the Senior ZIC Guarantee shall be held exclusively by the Trustee and no Holder may proceed directly against the Guarantor under the Senior ZIC Guarantee unless the Trustee having been so requested in writing by the Holders of not less than 25 per cent in nominal amount of the Notes then outstanding or so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders to proceed, fails to do so within a reasonable period and such failure is continuing; and
- (d) 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 specified in the Schedule hereto 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 the Senior ZIC Guarantee.

(2) Guarantor’s Obligations Continuing

Subject to Clause 1(1)(b), the Guarantor’s obligations under the Senior ZIC Guarantee are and will remain in full force and effect

by way of continuing security until no sum remains payable under the Securities. 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 Securities, no right of the Guarantor, by reason of the performance of any of its obligations under the Senior ZIC 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 Securities have been irrevocably paid in full, the Guarantor shall not by virtue of the Senior ZIC Guarantee be subrogated to any rights of the Trustee or any Holder or claim in competition with the Trustee or the Holders against the Issuer.

(4) Avoidance of Payments

Any settlement or discharge between the Guarantor and the Trustee in respect of the Senior ZIC Guarantee shall be conditional upon no payment to the Trustee or any Holder 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 the Senior ZIC Guarantee in its capacity as trustee for the Holders. The Guarantor agrees to be bound by the provisions of Condition 7 (subject to Clause 1(1)(b)) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes as if set out in full in this guarantee agreement.

3. CURRENCY INDEMNITY

(1) Currency of Account and Payment

The currency of the Notes (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with the Senior ZIC 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, or 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 that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Senior ZIC 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 the Senior ZIC 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 the Senior ZIC Guarantee or any judgment or order, subject always to Clause 1(1)(b).

4. NOTICES

Each notice or demand under the Senior ZIC Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under the Senior ZIC 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 the Senior ZIC 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 the Senior ZIC Guarantee for the time being are as follows:

Zurich Insurance Company Ltd
Mythenquai 2
CH8002 Zurich Fax: +41 (0)44 625 3497
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 the Senior ZIC Guarantee will be deposited with each of the paying agents appointed under the Agency Agreement. The Guarantor hereby acknowledges the right of each Holder to production of a copy of the Senior ZIC Guarantee.

6. GOVERNING LAW AND JURISDICTION

(1) Governing Law

The Senior ZIC Guarantee shall be governed by, and construed in accordance with, the substantive laws of Switzerland.

(2) Jurisdiction

Any dispute arising out of the Senior ZIC Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Holder 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 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:

Note 1:

* The Guarantee Amount in respect of a relevant tranche of Notes (other than Variable Notes (as defined below)) will be calculated as follows:

For Fixed Rate Notes:
 $GA = RA + (3 \times I) + AA$

For Floating Rate Notes:
 $GA = RA + (3 \times EI) + AA$

For Zero Coupon Notes:
 $GA = RA + AA$

where:

“**GA**” means Guarantee Amount;

“**RA**” means the greater of the Early Redemption Amount and the Final Redemption Amount of the Notes, each as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Notes up to the first anniversary of their issue date;

“**EI**” means the estimated amount of interest payable on the Notes up to the first anniversary of their 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 Guarantee Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Securities.

For Notes with a variable or partial redemption amount or for Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“**Variable Notes**”), the Guarantee Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

THE SCHEDULE

Issuer: [Zurich Finance (Luxembourg) S.A.] [Zurich Finance (UK) plc] [Zurich Holding Company of America, Inc.]

Title of Notes being issued:..... [●]

Date of issue of relevant Tranche:..... [●]

Guarantee Amount [●]

Place of payment and specified currency for the purposes of Clause 1(d):..... [●]

FORM OF SUBORDINATED GUARANTEE

This subordinated guarantee agreement is made on the date of issue of the relevant tranche 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, the Receiptholders and the Couponholders (each 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 of the Trust Deed).

WHEREAS

- (A) [ZURICH FINANCE (LUXEMBOURG) S.A.] [ZURICH FINANCE (UK) PLC] [ZURICH HOLDING COMPANY OF AMERICA, INC.] as issuer, may issue Euro Medium Term Notes in an aggregate nominal amount of up to USD18,000,000,000 (or its equivalent in other currencies) pursuant to a European Medium Term Note Programme established by them.
- (B) The Issuer of the Notes of the relevant tranche specified in the Schedule hereto (the “**Issuer**”) has agreed to issue the Notes described in the Schedule hereto (the “**Subordinated Notes**”) on the issue date specified in the Schedule hereto.
- (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 “**Subordinated ZIC Guarantee**”) for the benefit of the Trustee, the holders of the Subordinated Notes (the “**Noteholders**”) and the holders of the Coupons (if any) relating thereto (the “**Couponholders**” and the “**Coupons**” respectively) (the Noteholders and the Couponholders together the “**Holders**” and the Subordinated Notes and the Coupons together the “**Subordinated Securities**”).

1. GUARANTEE

(1) Subordinated ZIC Guarantee

The Guarantor hereby irrevocably and 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 Securities and the Trust Deed and waiving all rights of objection and defence arising from the Subordinated Securities and the Trust Deed to pay to the Trustee, acting for the benefit of the Holders, 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 Securities or the Trust Deed which is equivalent to the amount claimed under the Subordinated ZIC 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) The Subordinated ZIC Guarantee hereunder constitutes a direct, non-accessory, unconditional, subordinated and unsecured obligation of the Guarantor.

Claims in respect of the Subordinated ZIC Guarantee will, in the event of a winding up, liquidation, dissolution, bankruptcy of or other similar proceedings against the Guarantor (such as bankruptcy (“*Konkurs*”) composition (“*Nachlassvertrag*”) and moratorium (“*Stundung*”)), rank

(i) after the claims of any Senior Creditors (as defined below) of the Guarantor;

(ii) *pari passu* with any Subordinated Notes (as defined in the Trust Deed) of the Guarantor and any other subordinated obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of such Subordinated Notes and the beneficiaries of this Subordinated ZIC Guarantee (“**Parity Obligations**”, and “**Parity Obligation**” shall be construed accordingly); and

(iii) prior to the claims of the holders of any Capital Notes (as defined in the Trust Deed), the beneficiaries of the Capital Notes Guarantee (as defined in the Trust Deed) and of all classes of issued shares in the share capital of the Guarantor.

As used above, “**Senior Creditors**” shall have the meaning ascribed to such term in Condition 2(c) of the Subordinated Notes.

- (b) Neither the Trustee nor any Noteholder and/or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer and/or the Guarantor arising under or in connection with the Subordinated Notes or the Subordinated ZIC Guarantee and the Trustee and each Noteholder, and/or Couponholder shall, by virtue of being the holder of any of the Subordinated Notes and/or Coupons, be deemed to have waived all such rights of set-off.

- (c) The maximum liability of the Guarantor under the Subordinated ZIC Guarantee (including, in particular, all amounts payable under Clause 3 of the Subordinated ZIC Guarantee and all other amounts payable under the Subordinated ZIC Guarantee) shall not exceed in aggregate [insert currency and amount] (the “**Guarantee Amount**”), calculated in accordance with Note 1 which may not be reduced for so long as any sum remains payable under the Subordinated Securities.
- (d) All rights arising from the Subordinated ZIC Guarantee shall be held exclusively by the Trustee and no Holder may proceed directly against the Guarantor under the Subordinated ZIC Guarantee unless the Trustee having been so requested in writing by the Holders of not less than 25 per cent, in nominal amount of the Subordinated Notes then outstanding or so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders to proceed, fails to do so within a reasonable period and such failure is continuing.
- (e) 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 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 the Subordinated ZIC Guarantee.

(2) Guarantor’s Obligations Continuing

Subject to Clause 1(1)(c), the Guarantor’s obligations under the Subordinated ZIC Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Subordinated Securities. 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 Securities, no right of the Guarantor, by reason of the performance of any of its obligations under the Subordinated ZIC 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 Securities have been irrevocably paid in full, the Guarantor shall not by virtue of the Subordinated ZIC Guarantee be subrogated to any rights of the Trustee or any Holder or claim in competition with the Trustee or the Holders against the Issuer.

(4) Avoidance of Payments

Any settlement or discharge between the Guarantor and the Trustee in respect of the Subordinated ZIC Guarantee shall be conditional upon no payment to the Trustee or any Holder 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 or 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 the Subordinated ZIC Guarantee in its capacity as trustee for the Holders. The Guarantor agrees to be bound by the provisions of Conditions 7 (subject to Clause 1(1)(c)) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes as if set out in full in this guarantee agreement.

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 the Subordinated ZIC 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 recover (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 that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Subordinated ZIC Guarantee, the Guarantor will, subject to Clause 1(1)(c), 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 the Subordinated ZIC 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 the Subordinated ZIC Guarantee or any judgment or order, subject always to Clause 1(1)(c).

4. NOTICES

Each notice or demand under the Subordinated ZIC Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under the Subordinated ZIC 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 the Subordinated ZIC 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 the Subordinated ZIC Guarantee for the time being are as follows:

Zurich Insurance Company Ltd
Mythenquai 2
CH-8002 Zurich Fax: +41 (0)44 625 3497
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 the Subordinated ZIC 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 Holder to production of a copy of the Subordinated ZIC Guarantee.

6. GOVERNING LAW AND JURISDICTION

(1) Governing law

The Subordinated ZIC Guarantee shall be governed by, and construed in accordance with, the substantive laws of Switzerland.

(2) Jurisdiction

Any dispute arising out of the Subordinated ZIC Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Holder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(d), 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:

Note 1: *The Guarantee 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:
 $GA = RA + (3 \times I) + AA$

For Floating Rate Notes:
 $GA = RA + (3 \times EI) + AA$

For Zero Coupon Notes:
 $GA = RA + AA$

where:

“**GA**” means Guarantee Amount;

“**RA**” means the greater of the Early Redemption Amount and the Final Redemption Amount of the Subordinated Notes, each as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Subordinated Notes up to the first anniversary of their issue date;

“**EI**” means the estimated amount of interest payable on the Subordinated Notes up to the first anniversary of their 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 Guarantee Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Securities.

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 Guarantee Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

THE SCHEDULE

Issuer:..... [Zurich Finance (Luxembourg) S.A.] [Zurich Finance (UK) plc] [Zurich Holding Company of America, Inc.]

Title of Subordinated Notes being issued:..... [Specify details of the Notes (including whether the Notes are Dated or Undated Subordinated Notes)]

Date of issue of relevant Tranche: [●]

Guarantee Amount:..... [●]

Place of payment and specified currency for the purposes of Clause 1(e): [●]

FORM OF CAPITAL NOTES GUARANTEE

This subordinated guarantee agreement is made on the date of issue of the relevant tranche 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, the Receiptholders and the Couponholders (each 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 of the Trust Deed).

WHEREAS

- (A) ZURICH HOLDING COMPANY OF AMERICA, INC. (the “**Issuer**”), may issue Euro Medium Term Notes in an aggregate nominal amount of up to [USD18,000,000,000] [(or its equivalent in other currencies)] pursuant to a European Medium Term Note Programme established by it.
- (B) The Issuer has agreed to issue the Notes described in the Schedule hereto (the “**Capital Notes**”) on the issue date specified in the Schedule hereto.
- (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 Capital Notes and under the Trust Deed (the “**Capital Notes Guarantee**”) for the benefit of the Trustee, the holders of the Capital Notes (the “**Noteholders**”) and the holders of the Coupons (if any) relating thereto (the “**Couponholders**” and the “**Coupons**” respectively) (the Noteholders and the Couponholders together the “**Holders**” and the Capital Notes and the Coupons together the “**Subordinated Securities**”).

1. GUARANTEE

(1) Capital Notes Guarantee

The Guarantor hereby irrevocably and 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 Securities and the Trust Deed and waiving all rights of objection and defence arising from the Subordinated Securities and the Trust Deed to pay to the Trustee, acting for the benefit of the Holders, 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 Securities or the Trust Deed which is equivalent to the amount claimed under the Capital Notes 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) The Capital Notes Guarantee hereunder constitutes a direct, non-accessory, unconditional, subordinated and unsecured obligation of the Guarantor.

Claims in respect of the Capital Notes Guarantee will, in the event of a winding up, liquidation, dissolution, bankruptcy of or other similar proceedings against the Guarantor (such as bankruptcy (“*Konkurs*”) composition (“*Nachlassvertrag*”) and moratorium (“*Stundung*”)), rank

(i) after the claims of any ZIC Senior Creditors (as defined in Condition 2 of the Capital Notes); and

(ii) *pari passu* with any claims of the holders of any Capital Notes (as defined in the Trust Deed) of the Guarantor and any other subordinated obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the holders of such Capital Notes and the beneficiaries of this Capital Notes Guarantee (“**Parity Obligations**”, and “**Parity Obligation**” shall be construed accordingly); and

(iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor.

- (b) Neither the Trustee nor any Noteholder and/or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer and/or the Guarantor arising under or in connection with the Capital Notes or the Capital Notes Guarantee and the Trustee and each Noteholder, and/or Couponholder shall, by virtue of being the holder of any of the Capital Notes and/or Coupons, be deemed to have waived all such rights of set-off.
- (c) The maximum liability of the Guarantor under the Capital Notes Guarantee (including, in particular, all amounts payable under Clause 3 of the Capital Notes Guarantee and all other amounts payable under the Capital Notes Guarantee) shall not exceed in aggregate [*insert currency and amount*] (the “**Guarantee Amount**”), calculated in accordance with Note 1 which may not be reduced for so long as any sum remains payable under the Subordinated Securities.

- (d) All rights arising from the Capital Notes Guarantee shall be held exclusively by the Trustee and no Holder may proceed directly against the Guarantor under the Capital Notes Guarantee unless the Trustee having been so requested in writing by the Holders of not less than 25 per cent, in nominal amount of the Capital Notes then outstanding or so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders to proceed, fails to do so within a reasonable period and such failure is continuing.
- (e) 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 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 the Capital Notes Guarantee.

(2) Guarantor's Obligations Continuing

Subject to Clause 1(1)(c), the Guarantor's obligations under the Capital Notes Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Subordinated Securities. 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 Securities, no right of the Guarantor, by reason of the performance of any of its obligations under the Capital Notes 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 Securities have been irrevocably paid in full, the Guarantor shall not by virtue of the Capital Notes Guarantee be subrogated to any rights of the Trustee or any Holder or claim in competition with the Trustee or the Holders against the Issuer.

(4) Avoidance of Payments

Any settlement or discharge between the Guarantor and the Trustee in respect of the Capital Notes Guarantee shall be conditional upon no payment to the Trustee or any Holder 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 or 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 the Capital Notes Guarantee in its capacity as trustee for the Holders. The Guarantor agrees to be bound by the provisions of Conditions 8 (subject to Clause 1(1)(c)) of the Terms and Conditions of the Capital Notes as if set out in full in this guarantee agreement.

3. CURRENCY INDEMNITY

(1) Currency of Account and Payment

The currency of the Capital Notes (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with the Capital Notes 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 recover (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 that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Capital Notes Guarantee, the Guarantor will, subject to Clause 1(1)(c), 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 the Capital Notes 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 the Capital Notes Guarantee or any judgment or order, subject always to Clause 1(1)(c).

4. NOTICES

Each notice or demand under the Capital Notes Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under Capital Notes 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 the Capital Notes 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 the Capital Notes Guarantee for the time being are as follows:

[Zurich Insurance Company Ltd
Mythenquai 2
CH-8002 Zurich Fax: +41 (0)44 625 3497
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 the Capital Notes 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 Holder to production of a copy of the Capital Notes Guarantee.

6. GOVERNING LAW AND JURISDICTION

(1) Governing law

The Capital Notes Guarantee shall be governed by, and construed in accordance with, the substantive laws of Switzerland.

(2) Jurisdiction

Any dispute arising out of the Capital Notes Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Holder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(d), 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:

[Note 1: *The Guarantee Amount in respect of a relevant tranche of Capital Notes (other than Variable Notes (as defined below)) will be calculated as follows:]

For Fixed Rate Notes:
 $GA = RA + (3 \times I) + AA$

For Floating Rate Notes:
 $GA = RA + (3 \times EI) + AA$

For Zero Coupon Notes:
 $GA = RA + AA$

where:

“**GA**” means Guarantee Amount;

“**RA**” means the greater of the Early Redemption Amount and the Final Redemption Amount of the Capital Notes, each as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Capital Notes up to the first anniversary of their issue date;

“**EI**” means the estimated amount of interest payable on the Capital Notes up to the first anniversary of their 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 Guarantee Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Securities.

[For Capital Notes with a variable or partial redemption amount or for Capital Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“Variable Notes”), the Guarantee Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.]

[Pricing Supplement annexed]

THE SCHEDULE

Issuer:..... Zurich Holding Company of America, Inc.

Title of Capital Notes being issued: [Specify details of the Notes (including whether the Notes are Dated or Undated Capital Notes)]

Date of issue of relevant Tranche: [●]

Guarantee Amount: [●]

Place of payment and specified currency for the purposes of Clause 1(e): [●]

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*) as well as a temporary budget balancing tax (*impôt d'équilibrage budgétaire temporaire*). 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, the solidarity surcharge and the temporary budget balancing tax. 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 the Luxembourg law dated December 23, 2005 (the "**Law**"), a 10 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 or to a residential entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (the "**Savings Directive**") and ratifying the treaties entered into by Luxembourg and certain dependant and associated territories (the "**Territories**"), as amended) and established in a EU Member State (other than Luxembourg) and securing such payments for the benefit of such beneficial owner. 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.

Further, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Savings Directive may opt for a final 10 per cent levy. In such case, the 10 per cent levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 10 per cent final levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year.

(ii) Non-resident holders of Notes

Under the Luxembourg tax law 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 subject to the application of the Laws, 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 10 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), or in state that has entered into a treaty with Luxembourg relating to the Savings Directive. 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 but 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 or family wealth management companies governed by the amended law of 11 May 2007 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 securitisation company governed by the amended law of 22 March 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the amended law of 13 February 2007 or (vi) a family wealth management company governed by the amended law of 11 May 2007.

(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 case of legal proceedings before a Luxembourg court or in the case the Notes must be produced before an official Luxembourg authority, or in case of a voluntary registration of the Notes, or in the case the documents relating to the Notes are referred to in a public deed.

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.

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) and ZHCA

Payments by the Issuers (other than ZIC), or by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK) and ZHCA), of interest on, and repayment of principal of, the Notes, will not be subject to Swiss federal withholding tax, even when the Notes are guaranteed by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK) and ZHCA), provided that the relevant Issuer uses the proceeds from the offering and sale of the Notes outstanding outside of Switzerland unless 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 and Restricted Capital Notes will not be subject to the Swiss federal withholding tax provided that ZIC complies at all times while any such Restricted Notes or Restricted Capital Notes are outstanding, as applicable, with the Non-Bank Rules (as defined in Condition 7(c) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, and Condition 8(a) of the Terms and Conditions of the Capital Notes), which it is required to do in the pursuant to Condition 10(j)(vi) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, and Condition 11(j)(vi) of the Terms and Conditions of the Capital Notes.

(iii) Potential Change of Withholding Tax Legislation

On 17 December 2014 the Swiss Federal Council issued draft legislation, which, if enacted, 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 by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg) and ZF (UK)) under the Guarantee) to a beneficiary resident in Switzerland (subject to certain exceptions). 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 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 Guarantee by ZIC as Guarantor on the relevant closing date will not be subject to Swiss federal 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 federal stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal 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 federal stamp duty on dealing in securities will be payable.

Restricted Notes will not be subject to Swiss federal stamp duty on dealings in securities provided that ZIC complies at all times while any such Restricted Notes or Restricted Capital Notes are outstanding, as applicable, with the Non-Bank Rules (as defined in Condition 7(b) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, and Condition 7(e) of the Terms and Conditions of the Capital Notes), which it is required to do in the pursuant to Condition 10(j)(vi) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes, and Condition 11(j)(vi) of the Terms and Conditions of the Capital 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) and ZF (UK)), 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 or a fixed place of business 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 federal withholding tax see above "Withholding Tax"), as concerns the UK and Austrian Final Foreign Withholding Taxes see below "Final Foreign Withholding Taxes", and as concerns the EU Savings tax see below "EU Savings Directive disclosure").

(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 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.

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 or fixed place of business 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 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) Final Foreign Withholding Taxes

On 1 January 2013, treaties on final withholding taxes of Switzerland with the United Kingdom and Austria entered into force (each a “**Contracting State**”). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate final withholding tax (*Abgeltungssteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties, deriving from assets, including the Notes and the Guarantee, as applicable, held in accounts or deposits with a Swiss paying agent by (i) an individual resident in a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident in a Contracting State. The flat-rate tax withheld substitutes the ordinary income tax on the respective capital gains and income items, in the Contracting State where the individual is tax resident. In order to avoid the withholding of the flat-rate tax by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. Switzerland may conclude similar treaties with other European countries.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment and reporting obligations 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 do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes (and for the avoidance of doubt do not include consideration of direct taxation of income on which tax may or may not be withheld). The comments are made on the assumption that neither ZF (Luxembourg) nor ZIC nor ZHCA 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 (the Euro MTF Market is a recognised stock exchange for these purposes) 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.

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 such relief as may be available under an applicable double taxation treaty or to any other exemption which may apply. 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.

(b) Payments by the Guarantor

The United Kingdom withholding tax treatment of payments made pursuant to a Senior ZIC Guarantee or a Subordinated ZIC 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) is uncertain, and accordingly such payments may be subject to United Kingdom withholding tax at the basic rate, which is currently 20 per cent, subject to the availability of relief under the provisions of any applicable double taxation treaty or to any other exemption which may apply (although such payments may not be eligible for the exemptions described in paragraph (a) above).

(c) Provision of information

Noteholders should note that HM Revenue and Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HM Revenue and Customs may be passed by HM Revenue and Customs to the tax authorities of certain other jurisdictions.

(d) 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. Payments of interest are subject to United Kingdom withholding tax as outlined in (a) above and to reporting requirements as outlined in (c) above and in “EU Savings Directive disclosure” below.

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 5(d) of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes).

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 14 of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes or Condition 15 of the Capital Notes or otherwise and does not consider the tax consequences of any such substitution.

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.

(e) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty is payable on the issue into a clearing system of debt securities and no SDRT is payable on the issue into a clearing system of debt securities that fall within the scope of Article 5(2)(b) of Council Directive 2008/7/EC (e.g. loan notes and corporate bonds), as, following recent litigation, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of such securities into a clearance service or depository receipt system.

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 the 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 the 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 must be 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 W8BEN or W8BEN-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; and

(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 W8BEN-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 United States 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 (ii) 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 January 1, 2017, 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 January 1, 2017, 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.

The IRS has also recently released a new U.S. Form W-8BEN-E. The 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.

EU Savings Directive disclosure

Under the EU Savings Directive on taxation of savings income, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in that other EU Member State. However, for a transitional period, Austria is required (unless during such period it elects otherwise) to apply a withholding system in relation to such payments, deducting tax at the rate of 35 per cent pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such Directive. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. Luxembourg, which before 1 January 2015 also operated a withholding tax under the transitional rules, has now replaced such withholding tax with the information reporting regime described above.

Also a number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures to the EU Savings Directive (either provision of information or transitional withholding and in the case of Switzerland, a withholding system with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding) in relation to payments made by a person established within its jurisdiction to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in an EU Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or secured by such a person for the benefit of, an individual resident or certain limited types of entity established in one of those territories.

The attention of Noteholders is drawn to Condition 7 of the Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes and Condition 8 of the Terms and Conditions of the Capital Notes.

The European Council formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive amends and broadens the scope of the requirements described above. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive, which legislation must apply from 1 January 2017. The changes made under the Amending Directive include expanding the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the EU Savings Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

The Council of the European Union has also adopted a Directive (the “**Amending Cooperation Directive**”) amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the EU Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

Switzerland and the European Commission have commenced negotiations on certain amendments to the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004 providing for measures equivalent to

those laid down in the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements discussed above.

Investors should inform themselves of, and where appropriate take advice on, the impact of the EU Savings Directive, as amended, on their investment.

The proposed FTT

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the current European Commission 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 financial instruments 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

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 27 May 2015 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 “Form of the Notes and the Capital Notes”, “Terms and Conditions of the Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes” and “Terms and Conditions of the Capital 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.

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 REGULATION S 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.

Public Offer Selling Restriction under the EU Prospectus Directive

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 the Base Prospectus as completed by the relevant 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.

For the purposes of this provision, the expression “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means

Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

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.

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, DATED SUBORDINATED NOTES AND UNDATED
SUBORDINATED NOTES**

Pricing Supplement dated [●]

**[Zurich Finance (Luxembourg) S.A./Zurich Finance (UK) plc/Zurich Holding Company of America, Inc./
Zurich Insurance Company Ltd] ***

Issue of [Aggregate Nominal Amount of Tranche] [Title of [[Dated][Undated][Senior][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 [●] May 2015 [and the supplement 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[, the Guarantor] 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 to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange www.bourse.lu and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

[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.]

(* Include where Zurich Finance (Luxembourg) S.A. is the Issuer: *société anonyme* 37, rue du Puits Romain L - 8070 Bertrange, Luxembourg, RCS number B 69748)

1. [(i)] [Guarantor (<i>not applicable to Notes issued by Zurich Insurance Company Ltd</i>):	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 24 below, which is expected to occur on or about [date]]
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 (for dated Notes only):	[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year/Not Applicable]
9. [(i)] Interest Basis:	[[●] per cent Fixed Rate] [LIBOR/ EURIBOR] +/- [●] per cent Floating Rate] [Zero Coupon] (further particulars specified below)
[(ii)] Optional Deferral of interest for Subordinated Notes:	[Applicable] [Not Applicable]
[(iii)] Optional Deferral limited to 5 years upon loss of regulatory capital credit:	[Yes] [No]
[(iv)] Solvency Deferral of interest for Subordinated Notes:	[Applicable] [Not Applicable]
[(v)] Relevant Entity:	[ZIC] [ZIG]
[(vi)] Arrears of Interest payable at any time at Issuer's Election:	[Yes in whole [or in part]] [No]
10. Redemption/Payment Basis:	[Redemption at par/ ● per cent of par]
11. Change of Interest or Redemption/Payment Basis:	[●/ Not Applicable]
12. Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13. [(i)] Status of the Notes:	[Unsubordinated/Subordinated]
[(ii)] [Status of the Guarantee:	[Unsubordinated/Subordinated]
[(iii)] [Date [Board] approval for issuance of Notes [and] Guarantee] obtained:	[] [and [], respectively]] (<i>N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee</i>)
[(iii)] Guarantee Amount (<i>for Notes issued by Zurich Finance (Luxembourg) S.A., Zurich Finance (UK) plc or Zurich Holding Company of America, Inc.</i>):	[]
14. Condition 7(c)(ix) to apply:	[Yes] [No]
15. Initial Permitted Non-Qualifying Lender[s]:	[]

Provisions Relating to Interest (if any) Payable

16. Fixed Rate Note Provisions:	[Applicable/Not Applicable] <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
(iii) Fixed Coupon Amount[(s)]:	[] per Calculation Amount
(iv) Broken Amount(s):	[] per Calculation Amount payable on the interest Payment Date falling [in/on] []
(v) Fixed Day Count Fraction:	[30/360/Actual/Actual ([ICMA])
(vi) Determination Dates:	[] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])</i>
[(vii) Mid Swap Rate:]	[Applicable/Not Applicable]
[(viii) Specified Mid Swap Rate:	[Not Applicable/[•]]
– Minimum Rate of Interest:	[Not Applicable/[•]] <i>(insert a minimum Rate of Interest where the Trustee determines the Specified Mid Swap Rate in accordance with Condition 4(a))</i>
– Maximum Rate of Interest:	[Not Applicable/[•]] <i>(insert a maximum Rate of Interest where the Trustee determines the Specified Mid Swap Rate in accordance with Condition 4(a))</i>
[(ix) Mid Swap Rate Screen Page:]	[Not Applicable/[•]]
[(x) Reset Determination Date:]	[Not Applicable/[•]]
[(xi) Reset Period:]	[Not Applicable/[•]]
[(xii) Reset Margin:]	[Not Applicable/[•]]
[(xiii) Reset Date:]	[Not Applicable/[•]]
[(xiv) Specified Swap Duration:]	[Not Applicable/[•]]
[(xv) Swap Rate Determination Agent:]	[Not Applicable/[•]]
17. Floating Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph.)</i>
(i) Interest Period(s):	[]
(ii) Specified Interest Payment Dates:	[]
(iii) First Interest Payment Dates:	[]
(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(v) Additional Business Centre(s):	[]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[]
(viii) Screen Rate Determination:	
– Reference Rate:	[LIBOR/EURIBOR]
– Interest Determination Date(s):	[]
– Relevant Screen Page:	[]
(ix) ISDA Determination:	
– Floating Rate Option:	[Applicable/ Not Applicable]
– Designated Maturity:	[]

– Reset Date:	[]
(x) 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)]
(xi) Margin(s):	[+/-][] per cent per annum
(xii) Minimum Rate of Interest:	[] per cent per annum
(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)]]
18. Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) [Amortisation/Accrual] Yield:	[] per cent per annum
(ii) Reference Price:	[]
(iii) Any other formula/basis of determining amount payable:	[]
(iv) Amortised Face Amount	[]
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) If redeemable in part:	
(a) Minimum Redemption Amount:	[] per Calculation Amount
(b) Maximum Redemption Amount:	[] per Calculation Amount
(iv) Notice period:	[]
(v) Redemption of Subordinated Notes for Accounting Event:	[Applicable/Not Applicable]
(vi) Initial Accounting Treatment Methodology:	[liabilities/equity]
(vii) Redemption of Subordinated Notes for Capital Event:	[Applicable/Not Applicable]
(viii) Redemption of Subordinated Notes for Regulatory Event:	[Applicable/Not Applicable]
(ix) Regular Redemption Price:	[] per Calculation Amount
(x) Special Redemption Price:	[] per Calculation Amount
20. Put 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:	[] per Calculation Amount
(iii) Notice period:	[]
21. Final Redemption Amount of each Note	[] per Calculation Amount
22. Early Redemption Amount:	[]
Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default:	[]
23. Maturity Date of Dated Subordinated Notes extended upon a Solvency Event in accordance with Condition 6(a):	[Yes] [No]

General Provisions Applicable to the Notes

24. 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]
 [Temporary Global Note exchangeable for Definitive Notes on [●] days notice]
- [In the case of Bearer Notes whether Bearer Notes in definitive form may be exchanged for Registered Notes in accordance with Condition 10(a):] [Yes/No]
- [Permanent Global Note exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]
- [In the case of Reg. S Notes whether the Notes are to be represented on issue by a Reg. S Global Note or by Individual Registered Notes]: Registered Notes: [Reg. S Global 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]
25. New Global Note Form: [Yes/No]
26. Payment Business Centre(s) or other special provisions relating to Payment Days for the purpose of Condition 5(c): [Not Applicable/[●]]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No.]
28. Consolidation provisions:
- (i) Listed Swiss Franc Note: [Yes/No]
- (ii) Identity of Principal Paying Agent and other Paying Agents: []
29. Relevant Jurisdictions: [●]
30. Restricted Note (Condition 10(j) shall apply): [Yes] [No]
- (i) Restricted Note Minimum Denomination Amount: []
- (ii) Restricted Note Transfer Amount: []
- (iii) Number of Permitted Non-Qualifying Lenders []

Responsibility

[(Relevant third party information) has been extracted from (specify source). The Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as [it/they] [is/are] aware, and [is/are] 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:
Duly authorised

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised

By:
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 [].] Application is expected to be 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

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: []]

6. Operational Information

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[●]]

³ “and endorsed by...” Insert this wording where one or more of the ratings included in the Pricing Supplement has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

- | | |
|--|--|
| (iv) Delivery:
Names and addresses of initial Paying Agent(s): | Delivery [against/free of] payment
[] |
| (v) Names and addresses of additional Paying Agent(s) (if any): | [] |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility: | <p>[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,][<i>include this text for registered notes</i>] and does not necessarily mean that the 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] /</p> <p>[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,][<i>include this text for registered notes</i>] . 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.]</p> |

Distribution

- | | |
|--|--|
| 7. (i) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| (ii) Stabilising Manager(s) (if any): | [Not Applicable/ <i>give names</i>] |
| 8. If non-syndicated, name of Dealer: | [Not Applicable/ <i>give name</i>] |
| 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/ <i>give details</i>] |

FORM OF PRICING SUPPLEMENT OF THE CAPITAL NOTES

Pricing Supplement dated [●]

[Zurich Holding Company of America, Inc./Zurich Insurance Company Ltd]
Issue of [Aggregate Nominal Amount of Tranche] Capital 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 of Capital Notes set forth in the Base Prospectus dated [●] [and the supplement 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 Capital 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 [and the supplement to the Base Prospectus] [is] [are] available for viewing on the website of the Luxembourg Stock Exchange www.bourse.lu and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

[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. [(i) [Guarantor (*not applicable to Capital Notes issued by Zurich Insurance Company Ltd*) Zurich Insurance Company Ltd]
2. [(i) Series Number: []
[(ii) Tranche Number: []
(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.*) []]
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 [insert date] (*if applicable*)]
6. (i) Specified Denominations: * []
[EUR 100,000 (or equivalent) and integral multiples of EUR 1,000 (or equivalent) in excess thereof up to and including EUR 199,000 (or equivalent). No Notes in definitive form will be issued with a denomination above EUR 199,000]**
- (ii) Calculation Amount: []
[Notes issued under the Programme which may be listed on the Luxembourg Stock Exchange 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 of the European Union may not 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 ZIC, ZF

* If the Maturity date of the Notes (including Notes denominated in sterling) is less than one year from the Issue Date 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, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) or (ii) another applicable exemption from section 19 of the FSMA must be available.

** This wording must be included in the case of an issue of Notes where the Specified Denominations are minimum denominations of EUR 100,000 (or equivalent) and integral multiples of EUR 1,000 (or equivalent).

(UK), ZHCA or ZF (Luxembourg) or by any entity to whose group ZIC, ZF (UK), ZHCA or ZF (Luxembourg) belongs.]]

7. [(i)] Issue Date: []
- [(ii)] Interest Commencement Date: [] [Not Applicable]
8. Type of Note: [Dated] [Undated]
- Solvency Deferred Interest Limitation: [Applicable][Not Applicable]
- Relevant Solvency Deferred Interest: [Applicable][Not Applicable]
9. Maturity Date (for dated Notes only): [*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year/Not Applicable*]
10. (i) Interest Basis: [[●] per cent. Fixed Rate]
[specify reference rate]
+/- per cent. Floating Rate]
(further particulars specified below)
- (ii) Solvency Event: [Applicable] [Not Applicable]
[Cumulative] [Non-Cumulative]
- (iii) Trigger Event: [Applicable] [Not Applicable]
- (iv) Optional Non-Payment: [Applicable] [Not Applicable]
[Cumulative] [Non-Cumulative]
- (v) Optional Non-Payment limited to 5 years upon loss of regulatory capital credit: [Yes] [No]
- (vi) Relevant Entity: [ZIC/ZIG]
- (vii) Cash Settlement: [Applicable] [Not Applicable]
- (viii) APM Settlement: [Applicable. Time period from the beginning of deferral upon which Deferred Interest is cancelled to the extent not settled via APM is [●]]
[Applicable in respect of Relevant Solvency Deferred Interest only. Time period from the beginning of deferral upon which Deferred Interest is cancelled to the extent not settled via APM is [●]]
[Not Applicable]
- (ix) Commercially Reasonable Efforts: [Applicable time period during which Issuer and ZIG shall continue to use their commercially reasonable efforts to operate the APM is [●]] [Not Applicable]
- (x) Intention Statement: [Applicable. Time period for which Issuer and ZIG intend to continue to voluntarily operate the APM in relation to Optionally Deferred Interest or Solvency Deferred Interest is [●]] [Not Applicable]
- (xi) Period for purposes of limb (vi) of definition of APM Deferred Settlement Date: [Not Applicable]/[]
- (xii) Cash Deferred Settlement Date applicable limbs: [Limbs (iv) and/or (vi) [apply]/[do not apply]]
- (xiii) Condition 4(e)(vi) to apply: [Yes] [No]
- (xiv) Condition 4(d) to apply: [Yes] [No]
11. Redemption/Payment Basis: [Redemption at par/ ● per cent of par]
12. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Call Option: [Issuer Call]
[(further particulars specified below)]
14. Date [Board] approval for issuance of Notes obtained: []
15. Method of distribution: [Syndicated/Non-syndicated]
16. Condition 8(a)(ii)(i) to apply: [Yes][No]
17. Initial Permitted Non-Qualifying Lender[s]: []

Provisions Relating to Interest (if any) Payable

18. Fixed Rate Note Provisions
- [Applicable/Not Applicable] *(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
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount payable on the interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (vi) Determination Dates: [] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- [(viii) Mid Swap Rate:] [Applicable/Not Applicable]
- [(ix) Specified Mid Swap Rate:] [Not Applicable/give details]
- Minimum Rate of Interest: [Not Applicable/[●]] *(insert a minimum Rate of Interest where the Trustee determines the Specified Mid Swap Rate in accordance with Condition 5(a))*
- Maximum Rate of Interest: [Not Applicable/[●]] *(insert a maximum Rate of Interest where the Trustee determines the Specified Mid Swap Rate in accordance with Condition 5(a))*
- [(x) Mid Swap Rate Screen Page:] [Not Applicable/give details]
- [(xi) Reset Determination Date:] [Not Applicable/give details]
- [(xii) Reset Period:] [Not Applicable/give details]
- [(xiii) Reset Margin:] [Not Applicable/give details]
- [(xiv) Reset Date:] [Not Applicable/give details]
- [(xv) Specified Swap Duration:] [Not Applicable/give details]
- [(xvi) Swap Rate Determination Agent:] [Not Applicable/give details]
19. Floating Rate Note Provisions:
- [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)*
- (i) Specified Period(s): []
- (ii) Interest Payment Dates: []
- (iii) First Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Additional Business Centre(s): []
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (viii) Screen Rate Determination:
- Reference Rate: []

- Interest Determination Date(s): []
- Relevant Screen Page: []
- (ix) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (x) 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)]
- (xi) Margin(s): [+/-][] per cent per annum
- (xii) Minimum Rate of Interest: [] per cent per annum
- (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)]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

Provisions Relating to Redemption

- 20. Call Option: Applicable
 - (i) Optional Redemption Date(s): [] *[NB: This should take account of any regulatory requirements as to minimum periods for call options].*
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount
 - (b) Maximum Redemption Amount: [] per Calculation Amount
 - (iv) Notice period: []
- 21.(i) Accounting Event [Yes/No]
 - (ii) Initial Accounting Treatment Methodology: [liabilities/equity]
- 22. Capital Event: [Yes/No]
- 23. Regulatory Event: [Yes/No]
- 24. Final Redemption Amount of each Note: [] per Calculation Amount
- 25. Early Redemption Amount: []
 - Special Redemption Price: []
 - Regular Redemption Price: []
- 26. Maturity Date of Dated Capital Notes extended upon a Solvency Event in accordance with Condition 7(c): [Yes] [No]
- 27.(i) Maximum Period of Notice [●] days
 - (ii) Minimum Period of Notice [●] days

General Provisions Applicable to the Notes

28. 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]

[Temporary Global Note exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]

[Yes/No]

[In the case of Bearer Notes whether Bearer Notes in definitive form may be exchanged for Registered Notes in accordance with Condition 11(a):]

Registered Notes: [Reg. S Global Note and/or Individual Registered Notes (Specify whether/in what circumstances interests in the relevant Reg. S Global Note will be exchangeable for Individual Registered Notes and vice versa).]

[Listed Swiss Franc Notes: Permanent Global SIS Note]

[Not applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 19(v) relates]

29. Payment Business Centre(s) or other special provisions relating to Payment Days for the purpose of Condition 6(c):

30. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

[]

31. Principal Paying Agent:

32. Relevant Jurisdictions:

[Specify if different from those set out in Condition 7(b)]

33. Restricted Capital Note (Condition 11(j) shall apply):

[Yes][No]

(i) Restricted Capital Note Minimum Denomination Amount:

[]

(ii) Restricted Capital Note Transfer Amount:

[]

(iii) Number of Permitted Non-Qualifying Lenders:

[]

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 [and the Guarantor] confirm[s] 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 tender the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised

By:
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 [].] Application is expected to be 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*]]⁴

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

Insert one (or more) of the following options, as applicable:

[[insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation"), although the result of such application has not yet been determined.]

[[insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

[[insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the [Notes] is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

[[insert legal name of particular credit rating agency entity providing rating] is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

[[insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the [Notes] is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

⁴ “and endorsed by...” Insert this wording where one or more of the ratings included in the Pricing Supplement has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

[[insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

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:

[]

6. Operational Information

(i) ISIN Code:

[]

(ii) Common Code:

[]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

(iv) Delivery:

Delivery [against/free of] payment

(v) Names and addresses of initial Paying Agent(s):

[]

(vi) Names and addresses of additional Paying Agent(s) (if any):

[]

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) and ZF (UK) on 26 May 2015 and by resolutions of the Board of Directors of ZHCA on 8 April 2015. 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 and 12 December 2014.
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. 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:
 - (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) and ZF (Luxembourg), 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. Neither 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 Senior ZIC Guarantee, each Subordinated ZIC Guarantee, each Capital Notes 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).
4. The Notes have been accepted for clearance and settlement through Euroclear (Boulevard du Roi Albert II B-1210 Brussels, Belgium), Clearstream Luxembourg (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, Luxembourg 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.
5. The auditors of ZIC, for the years commencing 1 January 2014 and 2013, 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 2014 and 2013, are PricewaterhouseCoopers Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg, Luxembourg who are members of the Institut des Réviseurs d'Entreprises. The auditors of ZF (UK), for the years commencing 1 January 2013 and 2012, 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 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.
6. Since 31 December 2014 there has been no material adverse change in the prospects of ZIC, ZF (Luxembourg), ZF (UK), ZHCA or the ZIC Group.
7. Since 31 December 2014 there has been no significant change in the financial or trading position of ZIC, ZF (Luxembourg), ZF (UK), ZHCA or the ZIC Group.
8. Save as disclosed in this Base Prospectus on pages 120-121, 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.

9. 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.

THE ISSUERS

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THE TRUSTEE

Citicorp Trustee Company Limited
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THE PAYING AGENT AND TRANSFER AGENT

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To Zurich Insurance Group Ltd
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To the Dealers and the Trustee in England

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United Kingdom

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Citigroup Centre
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Commerzbank Aktiengesellschaft
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60311 Frankfurt am Main
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Crédit Agricole Corporate and Investment Bank
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United Kingdom

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Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg
69, route d'Esch
L-2953 Luxembourg

**PROSPECTUS SUPPLEMENT DATED 27 NOVEMBER 2015 TO THE BASE PROSPECTUS
DATED 27 MAY 2015**

Zurich Finance (Luxembourg) S.A.

(incorporated with limited liability in the Grand Duchy of Luxembourg)

Zurich Holding Company of America, Inc.

(incorporated with limited liability in the United States of America)

Zurich Finance (UK) plc

(incorporated with limited liability in England and Wales)

Zurich Insurance Company Ltd

(incorporated with limited liability in Switzerland)

irrevocably guaranteed in the case of Notes issued by Zurich Finance (Luxembourg) S.A., Zurich Holding Company of America, Inc. and Zurich Finance (UK) plc by

ZURICH INSURANCE COMPANY LTD

U.S.\$18,000,000,000 Euro Medium Term Note Programme

This document constitutes a prospectus supplement (the "**Prospectus Supplement**"), to the base prospectus dated 27 May 2015 that was published in connection with the above-mentioned Euro Medium Term Note Programme (the "**Base Prospectus**"). Full information on the Issuers and the Guarantor and the offer of any Notes is only available on the basis of the combination of this Prospectus Supplement and the Base Prospectus (including all documents which are incorporated by reference therein or deemed to be incorporated by reference therein). Copies of such Base Prospectus and this Prospectus Supplement have been filed with the Luxembourg Stock Exchange and published and are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the head office of the Guarantor.

This Prospectus Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuers. Terms used herein shall have the same meaning as ascribed to them in the Base Prospectus.

This Prospectus Supplement has been approved by the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, as amended.

To the extent that there is any inconsistency between (a) any statement in this Prospectus Supplement or any statement incorporated by reference into the Base Prospectus by this Prospectus Supplement and (b) any other statement in or incorporated in the Base Prospectus, the statements in (a) above will prevail.

Except as disclosed in this Prospectus Supplement and to the best of the knowledge and belief of each of the Issuers and the Guarantor, there has been no significant new factor relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

The distribution of the Base Prospectus, this Prospectus Supplement, any other supplements to the Base Prospectus and any Pricing Supplement and the offering or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus, this Prospectus Supplement, any other supplements to the Base Prospectus or any Pricing Supplement come are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Base Prospectus, this Prospectus Supplement, any other supplements to the Base Prospectus, any Pricing Supplement and other information in relation to the Issuers, the Guarantor and

the Notes, and the offering or sale of Notes in the United States, the European Economic Area, Ireland, the United Kingdom and Japan.

For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Base Prospectus, this Prospectus Supplement and any Pricing Supplement, see "Subscription and Sale" in the Base Prospectus. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Base Prospectus, this Prospectus Supplement or any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

RESPONSIBILITY

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Prospectus Supplement as described above. Each of the Issuers and the Guarantor confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

SUPPLEMENTAL DISCLOSURE IN RELATION TO ZURICH INSURANCE COMPANY LTD

The description of Zurich Insurance Company Ltd ("ZIC") on pages 108 to 121 (inclusive) of the Base Prospectus is supplemented by the addition of the following disclosures.

GENERAL INFORMATION

The ZIC Group Key Segmental Information

The description of the ZIC Group Key Segmental Information on page 109 of the Base Prospectus is supplemented by the addition of the following disclosures:

Unaudited consolidated figures of the ZIC Group

in USD millions, as reported for the six months ended 30 June 2015 (unaudited)	Gross written premiums and policy fees	Total BOP revenues	Net income/(loss) before income taxes
General Insurance	18,669	15,414	1,519
Global Life	6,887	12,949	958
Farmers	1,126	2,552	733
Other Operating Businesses	24	700	(233)
Non-Core Businesses	222	403	39
Total ZIC Group(*).....	26,872	30,897	3,016

** The Total ZIC Group information is presented after elimination of the inter-segment transactions, and as such does not reflect the sum of segment figures.*

The ZIC Group Key Financial Information

The description of the ZIC Group Key Financial Information on page 110 of the Base Prospectus is supplemented by the addition of the following disclosures:

Unaudited consolidated figures of the ZIC Group

in USD millions	As at or for the six months ended 30 June 2015	As at or for the six months ended 30 June 2014 Restated
	(unaudited)	(unaudited)
Gross written premiums and policy fees	26,872	29,314
Net written premiums and policy fees.....	21,857	26,030
Net investment result on Group investments.....	4,048	4,375
Net income before income taxes.....	3,016	3,105
Net income after taxes attributable to shareholders	2,091	2,142
Total investments.....	332,124	339,708
Reserves for insurance contracts.....	248,554	253,719
Shareholders' equity	30,542	33,721

Please also refer to “*Subsequent Events*” below.

Subsequent Events

The description of the ZIC Group Subsequent Events on page 110 of the Base Prospectus, as well as the statement in paragraph 7 in “General Information” on page 170 of the Base Prospectus, is supplemented by the addition of the following disclosure:

Results release

On 5 November 2015, Zurich Insurance Group Ltd (“ZIG”), the ultimate parent of ZIC, published its consolidated financial results for the third quarter of 2015. ZIG reported a business operating profit (“BOP”) of USD 2.5 billion for the nine months ending 30 September 2015, a decrease of 35% on a year-on-year basis, while, for the quarter ending 30 September 2015, BOP was down 79% to USD 256 million compared with the quarter ending 30 September 2014. The results were broadly in line with the trading update published by ZIG on 21 September 2015, with the decrease in BOP largely attributable to a business operating loss of USD 183 million in ZIG’s General Insurance segment in the three months ending 30 September 2015. This loss in the General Insurance segment was due to a number of factors, including a USD 275 million loss related to the series of explosions at a container storage station in the Port of Tianjin in China in mid-August 2015 and other large losses, as well as adverse claims experience and negative prior year development in certain portfolios. Following his appointment as General Insurance CEO noted under “*Management Board of ZIC*” below, Kristof Terryn has been conducting an in-depth review of the General Insurance business and implementing various measures with the aim of improving performance and profitability, including the re-underwriting of underperforming portfolios and additional efficiency measures to control costs.

The description of the ZIC Group Subsequent Events on page 110 of the Base Prospectus is further supplemented by the addition of the following disclosures:

Redemption of senior debt

On 14 October 2015, Zurich Finance (USA) Inc. redeemed the EUR 600 million 6.50% Dated Senior Notes issued in April 2009.

Statement regarding RSA Insurance Group plc

On 21 September 2015, ZIG announced that it had terminated discussions with RSA Insurance Group PLC (“RSA”) regarding a potential offer to acquire the entire issued and to be issued ordinary share capital of RSA.

Redemption of subordinated debt

On 15 June 2015, Zurich Finance (USA), Inc. redeemed the EUR 269 million 4.50% Dated Subordinated Notes issued in June 2005 at par plus accrued interest.

Group Executive Committee of ZIC

The description of the Group Executive Committee of ZIC on page 119 of the Base Prospectus is supplemented by the addition of the following disclosures:

On 4 September 2015, ZIG announced the following changes to the Group Executive Committee (effective from 1 October 2015): Kristof Terryn, the CEO of Global Life, would take over from Michael Kerner as CEO of General Insurance, with Mr. Terryn continuing to run the Global Life business until a replacement is announced.

On 11 June 2015, ZIG announced the following changes to the Group Executive Committee (effective from 1 July 2015): Cecilia Reyes, previously Chief Investment Officer and Regional Chairman of Asia Pacific, became Chief Risk Officer, replacing Axel P. Lehmann; and Urban Angehrn, previously Head of Alternative Investments, became Chief Investment Officer.

Accordingly, the following persons form the Group Executive Committee of ZIC as at the date of this Prospectus Supplement:

<u>Name</u>	<u>Nationality</u>	<u>Function</u>
Martin Senn	Swiss	Chief Executive Officer
Urban Angehrn	Swiss	Chief Investment Officer
Jeff Dailey	U.S. American	Chief Executive Officer - Farmers Group, Inc.
Robert Dickie	British	Chief Operations and Technology Officer
Mike Foley	U.S. American	CEO North America Commercial and Regional Chairman of North America
Yannick Hausmann	Swiss	Group General Counsel
George Quinn	British	Chief Financial Officer
Cecilia Reyes	Swiss/Philippine	Chief Risk Officer and Regional Chairman of Asia Pacific
Kristof Terryn	Belgian	CEO General Insurance Interim CEO Global Life
Isabelle Welton	Swiss	Chief Human Resources Officer

Regulation

The description of the Regulation on page 119 of the Base Prospectus is replaced by the following disclosures:

ZIG conducts its operations in Switzerland under operating licenses for all lines of general insurance business. The operations of ZIG are subject to continued supervision by FINMA based on the Swiss Insurance Supervision Law (“ISL”) that came into force on 1 January 2006. Under Swiss law, risk-based capital requirements (target capital) under the Swiss Solvency Test (“SST”) 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. Furthermore, since the revised Insurance Supervision Ordinance (“ISO”) came into effect on 1 July 2015, Swiss law no longer stipulates a

“solvency margin” in accordance with Solvency I. The Solvency I requirement has become obsolete with the SST regime being fully in force, except in the case where an existing bilateral agreement still requires the application of Solvency I. Only one such bilateral agreement remains in force (the “Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than life insurance”). Negotiations between Switzerland and the EU, addressing an amendment of this agreement in order to repeal the stipulated Solvency I requirement, are currently pending. 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. The 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 PROCEEDINGS AND REGULATORY INVESTIGATIONS

The description of the Fuller-Austin litigation on page 120 of the Base Prospectus is supplemented by the addition of the following updated disclosures:

In early 2015, certain plaintiffs committed to voluntarily dismiss their claims with prejudice in exchange for an agreement that the defendants will not pursue them for litigation costs. Requests for dismissal with prejudice of their claims were filed with the Court by all but two plaintiffs.

CONDENSED FINANCIAL STATEMENTS

Zurich Insurance Company Ltd - Condensed statutory income statement data for the six months ending 30 June 2015 and twelve months ending 31 December 2014

in CHF millions		
	For the six months ended 30 June 2015	For the twelve months ended 31 December 2014
	(unaudited)	(audited)
		Published
Revenues		
Net earned premiums and policy fees	7,512	18,480
Net investment income	1,313	2,622
Net realized gains/losses, write-ups and write-downs on investments	(167)	694
Other income	793	1,504
Total revenues	9,451	23,299
Benefits, losses and expenses		
Insurance benefits and losses, net of reinsurance	(4,813)	(12,682)
Policyholder dividends & participation in profits, net of reinsurance	(51)	(120)
Underwriting and policy acquisition costs, net of reinsurance	(2,097)	(3,862)
Administrative and other expense	(805)	(2,266)
Interest expense of debt	(318)	(680)
Other interest expense	(8)	(20)
Total benefits, losses and expenses	(8,093)	(19,630)
Net income before income taxes	1,358	3,669
Taxes	(47)	(57)
Net income after taxes	1,310	3,612

Zurich Insurance Company Ltd - Condensed statutory balance sheet data as of 30 June 2015 and 31 December 2014

in CHF millions		
	As of 30 June 2015	As of 31 December 2014
	(unaudited)	(audited)
		Published
Assets		
Total investments	74,714	78,476
All other assets	8,381	8,835
Total assets	83,095	87,310
Liabilities		
Insurance reserves, net	35,704	37,884
Senior debt	7,871	8,467
Subordinated debt	8,469	8,442
All other liabilities	10,866	11,142
Total liabilities	62,910	65,935
Total equity	20,185	21,375
Total liabilities and equity	83,095	87,310

**PROSPECTUS SUPPLEMENT DATED 4 DECEMBER 2015 TO THE BASE PROSPECTUS
DATED 27 MAY 2015**

Zurich Finance (Luxembourg) S.A.

(incorporated with limited liability in the Grand Duchy of Luxembourg)

Zurich Holding Company of America, Inc.

(incorporated with limited liability in the United States of America)

Zurich Finance (UK) plc

(incorporated with limited liability in England and Wales)

Zurich Insurance Company Ltd

(incorporated with limited liability in Switzerland)

irrevocably guaranteed in the case of Notes issued by Zurich Finance (Luxembourg) S.A., Zurich Holding Company of America, Inc. and Zurich Finance (UK) plc by

ZURICH INSURANCE COMPANY LTD

U.S.\$18,000,000,000 Euro Medium Term Note Programme

This document constitutes a prospectus supplement (the "**Second Prospectus Supplement**"), to the base prospectus dated 27 May 2015 that was published in connection with the above-mentioned Euro Medium Term Note Programme (the "**Base Prospectus**"), as supplemented by a prospectus supplement dated 27 November 2015 (the "**First Prospectus Supplement**"). Full information on the Issuers and the Guarantor and the offer of any Notes is only available on the basis of the combination of this Second Prospectus Supplement, the First Prospectus Supplement and the Base Prospectus (including all documents which are incorporated by reference therein or deemed to be incorporated by reference therein). Copies of such Base Prospectus, the First Prospectus Supplement and this Second Prospectus Supplement have been filed with the Luxembourg Stock Exchange and published and are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the head office of the Guarantor.

This Second Prospectus Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus (as supplemented by the First Prospectus Supplement) and any other supplements to the Base Prospectus issued by the Issuers. Terms used herein shall have the same meaning as ascribed to them in the Base Prospectus.

This Second Prospectus Supplement has been approved by the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, as amended.

To the extent that there is any inconsistency between (a) any statement in this Second Prospectus Supplement or any statement incorporated by reference into the Base Prospectus (as supplemented by the First Prospectus Supplement) by this Second Prospectus Supplement and (b) any other statement in or incorporated in the Base Prospectus (as supplemented by the First Prospectus Supplement), the statements in (a) above will prevail.

Except as disclosed in this Second Prospectus Supplement and in the First Prospectus Supplement, and to the best of the knowledge and belief of each of the Issuers and the Guarantor, there has been no significant new factor relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

The distribution of the Base Prospectus, this Second Prospectus Supplement, any other supplements to the Base Prospectus and any Pricing Supplement and the offering or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus, this Second Prospectus Supplement, any other supplements to the Base Prospectus or any Pricing Supplement come are required by the Issuers, the Guarantor,

the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Base Prospectus, this Second Prospectus Supplement, any other supplements to the Base Prospectus, any Pricing Supplement and other information in relation to the Issuers, the Guarantor and the Notes, and the offering or sale of Notes in the United States, the European Economic Area, Ireland, the United Kingdom and Japan.

For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Base Prospectus, this Second Prospectus Supplement, any other supplements to the Base Prospectus, and any Pricing Supplement, see "Subscription and Sale" in the Base Prospectus. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Base Prospectus, this Second Prospectus Supplement, any other supplements to the Base Prospectus, or any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

RESPONSIBILITY

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Second Prospectus Supplement as described above. Each of the Issuers and the Guarantor confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Prospectus Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

SUPPLEMENTAL DISCLOSURE IN RELATION TO ZURICH INSURANCE COMPANY LTD

The description of Zurich Insurance Company Ltd ("ZIC") on pages 108 to 121 (inclusive) of the Base Prospectus (as supplemented by the First Prospectus Supplement) is further supplemented by the addition of the following disclosures.

Group Executive Committee of ZIC

The description of the Group Executive Committee of ZIC on page 119 of the Base Prospectus (as supplemented by the description on page 5 of the First Prospectus Supplement) is further supplemented by the addition of the following disclosures:

On 1 December 2015, ZIG announced that Martin Senn has decided, by mutual agreement with the Board of Directors, to step down from his role as Chief Executive Officer with immediate effect. Mr. Senn will leave the Zurich Insurance Group at the end of 2015. Tom de Swaan, who has been a member of the Board of Directors since 2006 and was named its Chairman in 2013, has been appointed as interim Chief Executive Officer.

Accordingly, the following persons form the Group Executive Committee of ZIC as at the date of this Second Prospectus Supplement:

Name	Nationality	Function
Tom de Swaan	Dutch	Interim Chief Executive Officer Chairman of the Board of Directors
Urban Angehrn	Swiss	Chief Investment Officer
Jeff Dailey	U.S. American	Chief Executive Officer - Farmers Group, Inc.
Robert Dickie	British	Chief Operations and Technology Officer
Mike Foley	U.S. American	CEO North America Commercial and Regional Chairman of North America
Yannick Hausmann.....	Swiss	Group General Counsel
George Quinn	British	Chief Financial Officer
Cecilia Reyes.....	Swiss/Philippine	Chief Risk Officer and Regional Chairman of Asia Pacific
Kristof Terryn.....	Belgian	CEO General Insurance Interim CEO Global Life
Isabelle Welton.....	Swiss	Chief Human Resources Officer

**PROSPECTUS SUPPLEMENT DATED 15 FEBRUARY 2016 TO THE BASE PROSPECTUS
DATED 27 MAY 2015**

Zurich Finance (Luxembourg) S.A.

(incorporated with limited liability in the Grand Duchy of Luxembourg)

Zurich Holding Company of America, Inc.

(incorporated with limited liability in the United States of America)

Zurich Finance (UK) plc

(incorporated with limited liability in England and Wales)

Zurich Insurance Company Ltd

(incorporated with limited liability in Switzerland)

irrevocably guaranteed in the case of Notes issued by Zurich Finance (Luxembourg) S.A., Zurich Holding Company of America, Inc. and Zurich Finance (UK) plc by

ZURICH INSURANCE COMPANY LTD

U.S.\$18,000,000,000 Euro Medium Term Note Programme

This document constitutes a prospectus supplement (the "**Third Prospectus Supplement**"), to the base prospectus dated 27 May 2015 that was published in connection with the above-mentioned Euro Medium Term Note Programme (the "**Base Prospectus**"), as supplemented by a prospectus supplement dated 27 November 2015 (the "**First Prospectus Supplement**") and a prospectus supplement dated 4 December 2015 (the "**Second Prospectus Supplement**"). Full information on the Issuers and the Guarantor and the offer of any Notes is only available on the basis of the combination of this Third Prospectus Supplement, the Second Prospectus Supplement, the First Prospectus Supplement and the Base Prospectus (including all documents which are incorporated by reference therein or deemed to be incorporated by reference therein). Copies of such Base Prospectus, the First Prospectus Supplement, the Second Prospectus Supplement and this Third Prospectus Supplement have been filed with the Luxembourg Stock Exchange and published and are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the head office of the Guarantor.

This Third Prospectus Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus (as supplemented by the First Prospectus Supplement and the Second Prospectus Supplement) and any other supplements to the Base Prospectus issued by the Issuers. Terms used herein shall have the same meaning as ascribed to them in the Base Prospectus.

This Third Prospectus Supplement has been approved by the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, as amended.

To the extent that there is any inconsistency between (a) any statement in this Third Prospectus Supplement or any statement incorporated by reference into the Base Prospectus (as supplemented by the First Prospectus Supplement and the Second Prospectus Supplement) by this Third Prospectus Supplement and (b) any other statement in or incorporated in the Base Prospectus (as supplemented by the First Prospectus Supplement and the Second Prospectus Supplement), the statements in (a) above will prevail.

Except as disclosed in this Third Prospectus Supplement and in the First Prospectus Supplement and the Second Prospectus Supplement, and to the best of the knowledge and belief of each of the Issuers and the Guarantor, there has been no significant new factor relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

The distribution of the Base Prospectus, this Third Prospectus Supplement, any other supplements to the Base Prospectus and any Pricing Supplement and the offering or sale of the Notes may be restricted by law in certain

jurisdictions. Persons into whose possession the Base Prospectus, this Third Prospectus Supplement, any other supplements to the Base Prospectus or any Pricing Supplement come are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Base Prospectus, this Third Prospectus Supplement, any other supplements to the Base Prospectus, any Pricing Supplement and other information in relation to the Issuers, the Guarantor and the Notes, and the offering or sale of Notes in the United States, the European Economic Area, Ireland, the United Kingdom and Japan.

For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Base Prospectus, this Third Prospectus Supplement, any other supplements to the Base Prospectus, and any Pricing Supplement, see "Subscription and Sale" in the Base Prospectus. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Base Prospectus, this Third Prospectus Supplement, any other supplements to the Base Prospectus, or any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

RESPONSIBILITY

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Third Prospectus Supplement as described above. Each of the Issuers and the Guarantor confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Third Prospectus Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

SUPPLEMENTAL DISCLOSURE IN RELATION TO ZURICH INSURANCE COMPANY LTD

The description of Zurich Insurance Company Ltd ("**ZIC**") on pages 108 to 121 (inclusive) of the Base Prospectus (as supplemented by the First Prospectus Supplement and the Second Prospectus Supplement) is further supplemented by the addition of the following disclosures.

The ZIC Group Key Financial Information

The description of the ZIC Group Key Financial Information on page 110 of the Base Prospectus is supplemented by the addition of the following disclosures, which amend and replace the "Unaudited consolidated figures of the ZIC Group" set out on page 4 of the First Prospectus Supplement:

Unaudited consolidated figures of the ZIC Group

in USD millions	For the six months ended 30 June 2015	For the six months ended 30 June 2014 (restated)*	Restatement*	For the six months ended 30 June 2014 (as historically reported)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gross written premiums and policy fees	26,872	29,314	0	29,314
Net written premiums and policy fees.....	21,857	26,030	0	26,030
Net investment result on Group investments	4,048	4,375	1	4,374
Net income before income taxes	3,016	3,105	14	3,091
Net income after taxes attributable to shareholders	2,091	2,142	14	2,128

in USD millions	As at 30 June 2015	As at 31 December 2014 Restated*	Restatement*	As at 31 December 2014 (as historically reported)
	(unaudited)	(unaudited)	(unaudited)	(audited)
Total investments	332,124	339,708	0	339,708
Reserves for insurance contracts	248,554	253,719	0	253,719
Shareholders' equity	30,542	33,721	0	33,721

* For details please refer to "Restatements and reclassifications" below.

Restatements and reclassifications

The tables above also shows the impacts of the restatement as a result of a change in accounting policy relating to recognition of cumulative foreign currency translation adjustments, moving from an absolute to a

proportionate ownership interest method. The impact on the consolidated income statement was a profit of USD 14 million within net investment result on Group investments and administrative and other operating expense for the six months ending 30 June 2014. The impact on the consolidated balance sheet was a reclassification of losses of USD 54 million from retained earnings to cumulative foreign currency translation adjustment as of 31 December 2014.

Subsequent Events

The description of the ZIC Group Subsequent Events on page 110 of the Base Prospectus (as supplemented by pages 4 and 5 of the First Prospectus Supplement) is supplemented by the addition of the following disclosure:

Results release

On 11 February 2016, Zurich Insurance Group Ltd (“ZIG”), the ultimate parent of ZIC, published its consolidated financial results for the year ended 31 December 2015. ZIC is the main operating company of ZIG. ZIG reported a business operating profit (“BOP”) of USD 2.9 billion for the year ended 31 December 2015, a decrease of 37% on a year-on-year basis, while, for the quarter ended 31 December 2015, BOP was down 48% to USD 422 million compared with the quarter ended 31 December 2014. The results were broadly in line with the preliminary update on fourth quarter 2015 published by ZIG on 20 January 2016, with the decrease in BOP in the fourth quarter of 2015 largely attributable to a business operating loss of USD 120 million in the General Insurance segment. This loss in the General Insurance segment was due to a number of factors, including natural catastrophe events such as flooding resulting from storms Desmond, Eva and Frank in the UK and Ireland and a tornado in Australia. In addition, ZIG experienced a high level of large current accident year losses in the fourth quarter of 2015. These large losses mainly related to a large credit and surety loss, and several significant property claims, principally impacting Global Corporate and certain European countries. ZIG also reported that it had accelerated a number of steps in its efficiency program, with an aim of exceeding the previously communicated cost savings target for 2016 of USD 300 million, resulting in the incurrence of charges in the fourth quarter of 2015, primarily within General Insurance. ZIG also incurred a one-time impairment charge attributable to the write-off of its German Life business goodwill of USD 232 million. These charges were recorded outside of fourth quarter BOP.

The table below shows selected consolidated balance sheet data of ZIG for the years ended 31 December 2015 and 31 December 2014.

in USD millions	As at 31 December 2015	As at 31 December 2014 Restated
	(audited)	(unaudited)
Total investments	317,966	339,276
Reserves for insurance contracts	237,622	253,719
Senior debt	4,471	5,379
Subordinated debt	5,614	5,857
Shareholders' equity	31,178	34,735

ZIG also announced that its Board of Directors was proposing a dividend of CHF 17.00 per ordinary share for approval at the Annual General Meeting of Shareholders to be held on 30 March 2016.

Acquisition of Rural Community Insurance Services

On 18 December 2015, ZIG announced that Zurich American Insurance Company (“ZAIC”), a subsidiary of ZIC, has entered into an agreement with Wells Fargo & Company (“Wells Fargo”) under which it will acquire 100 percent of Rural Community Insurance Agency, Inc. and its subsidiary Rural Community Insurance Company. The two are collectively known as Rural Community Insurance Services (“RCIS”) – a leading

provider of agricultural insurance in the United States, recording approximately USD 2.1 billion in gross written premiums in 2014. ZAIC will pay Wells Fargo approximately USD 675 million plus the amount of excess capital in RCIS at the date of closing, estimated to be up to around USD 375 million.

Proposed changes to the Board of Directors

On 18 December 2015, ZIG announced that the Board of Directors will propose to shareholders to elect Jeffrey L. Hayman and David Nish to the Board of Directors of ZIC for a term of office of one year each. The election will take place at the Annual General Meeting on 30 March 2016. It was further announced on 10 February 2016 that Rafael del Pino would not stand for re-election to the Board of Directors at the 2016 Annual General Meeting.

Group Executive Committee of ZIC

The description of the Group Executive Committee of ZIC on page 119 of the Base Prospectus (as supplemented by the description on page 5 of the First Prospectus Supplement and page 3 of the Second Prospectus Supplement) is further supplemented by the addition of the following disclosures:

On 14 December 2015, ZIG announced the appointment of Gary Shaughnessy to the position of CEO Global Life and a member of the Group Executive Committee of ZIC, effective 1 January 2016. Mr. Shaughnessy succeeds Kristof Terryn, who had been holding the role ad interim since being appointed CEO General Insurance effective 1 October 2015.

Accordingly, the following persons form the Group Executive Committee of ZIC as at the date of this Third Prospectus Supplement:

Name	Nationality	Function
Tom de Swaan.....	Dutch	Interim Chief Executive Officer Chairman of the Board of Directors
Urban Angehrn.....	Swiss	Chief Investment Officer
Jeff Dailey	U.S. American	Chief Executive Officer - Farmers Group, Inc.
Robert Dickie	British	Chief Operations and Technology Officer
Mike Foley	U.S. American	CEO North America Commercial and Regional Chairman of North America
Yannick Hausmann	Swiss	Group General Counsel
George Quinn	British	Chief Financial Officer and Regional Chairman of Europe, Middle East and Africa
Cecilia Reyes	Swiss/Philippine	Chief Risk Officer and Regional Chairman of Asia Pacific
Gary Shaughnessy.....	British	CEO Global Life
Kristof Terryn	Belgian	CEO General Insurance
Isabelle Welton	Swiss	Chief Human Resources Officer and Regional Chairman of Latin America

On 26 January 2016, ZIG announced that the Board of Directors has appointed Mario Greco to the role of Chief Executive Officer (CEO) of the ZIC Group, with Mr. Greco assuming this position from 7 March 2016. He will succeed Tom de Swaan, who has held the role on an ad interim basis since Martin Senn stepped down in December 2015. Mr. Greco, who is aged 56 and an Italian national, has served as CEO of Assicurazioni Generali S.p.A. (“**Generali**”) since 2012. Before joining Generali, Mr. Greco worked at the ZIC Group, having joined in October 2007 as the designated CEO Global Life and a member of the Group Executive Committee prior to his subsequent appointment as CEO Global Life in April 2008. In 2010 he was appointed CEO General Insurance, a

role he held until 2012. His original appointment to the ZIC Group in 2007 followed a career in the European insurance markets, including as CEO of RAS (Allianz Group) in Milan.

**PROSPECTUS SUPPLEMENT DATED 15 MARCH 2016 TO THE BASE PROSPECTUS
DATED 27 MAY 2015**

Zurich Finance (Luxembourg) S.A.

(incorporated with limited liability in the Grand Duchy of Luxembourg)

Zurich Holding Company of America, Inc.

(incorporated with limited liability in the United States of America)

Zurich Finance (UK) plc

(incorporated with limited liability in England and Wales)

Zurich Insurance Company Ltd

(incorporated with limited liability in Switzerland)

irrevocably guaranteed in the case of Notes issued by Zurich Finance (Luxembourg) S.A., Zurich Holding Company of America, Inc. and Zurich Finance (UK) plc by

ZURICH INSURANCE COMPANY LTD

U.S.\$18,000,000,000 Euro Medium Term Note Programme

This document constitutes a prospectus supplement (the "**Fourth Prospectus Supplement**"), to the base prospectus dated 27 May 2015 that was published in connection with the above-mentioned Euro Medium Term Note Programme (the "**Base Prospectus**"), as supplemented by a prospectus supplement dated 27 November 2015 (the "**First Prospectus Supplement**"), a prospectus supplement dated 4 December 2015 (the "**Second Prospectus Supplement**") and a prospectus supplement dated 15 February 2016 (the "**Third Prospectus Supplement**"). Full information on the Issuers and the Guarantor and the offer of any Notes is only available on the basis of the combination of this Fourth Prospectus Supplement, the Third Prospectus Supplement, the Second Prospectus Supplement, the First Prospectus Supplement and the Base Prospectus (including all documents which are incorporated by reference therein or deemed to be incorporated by reference therein). Copies of such Base Prospectus, the First Prospectus Supplement, the Second Prospectus Supplement, the Third Prospectus Supplement and this Fourth Prospectus Supplement have been filed with the Luxembourg Stock Exchange and published and are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the head office of the Guarantor.

This Fourth Prospectus Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus (as supplemented by the First Prospectus Supplement, the Second Prospectus Supplement and the Third Prospectus Supplement) and any other supplements to the Base Prospectus issued by the Issuers. Terms used herein shall have the same meaning as ascribed to them in the Base Prospectus.

This Fourth Prospectus Supplement has been approved by the Luxembourg Stock Exchange in its capacity as competent authority under Part IV of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, as amended.

To the extent that there is any inconsistency between (a) any statement in this Fourth Prospectus Supplement or any statement incorporated by reference into the Base Prospectus (as supplemented by the First Prospectus Supplement, the Second Prospectus Supplement and the Third Prospectus Supplement) by this Fourth Prospectus Supplement and (b) any other statement in or incorporated in the Base Prospectus (as supplemented by the First Prospectus Supplement, the Second Prospectus Supplement and the Third Prospectus Supplement), the statements in (a) above will prevail.

Except as disclosed in this Fourth Prospectus Supplement and in the First Prospectus Supplement, the Second Prospectus Supplement and the Third Prospectus Supplement, and to the best of the knowledge and belief of each of the Issuers and the Guarantor, there has been no significant new factor relating to information included in the

Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

The distribution of the Base Prospectus, this Fourth Prospectus Supplement, any other supplements to the Base Prospectus and any Pricing Supplement and the offering or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus, this Fourth Prospectus Supplement, any other supplements to the Base Prospectus or any Pricing Supplement come are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Base Prospectus, this Fourth Prospectus Supplement, any other supplements to the Base Prospectus, any Pricing Supplement and other information in relation to the Issuers, the Guarantor and the Notes, and the offering or sale of Notes in the United States, the European Economic Area, Ireland, the United Kingdom and Japan.

For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Base Prospectus, this Fourth Prospectus Supplement, any other supplements to the Base Prospectus, and any Pricing Supplement, see "Subscription and Sale" in the Base Prospectus. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Base Prospectus, this Fourth Prospectus Supplement, any other supplements to the Base Prospectus, or any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

RESPONSIBILITY

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Fourth Prospectus Supplement as described above. Each of the Issuers and the Guarantor confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Fourth Prospectus Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

SUPPLEMENTAL INFORMATION INCORPORATED BY REFERENCE

The information incorporated by reference on pages 21 to 23 (inclusive) of the Base Prospectus is supplemented by the addition of the following disclosures under the heading of “Information Incorporated By Reference” on page 21 to incorporate by reference the following documents, which have been published and are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu):

- (a) (i) the audited consolidated financial statements (including the auditors’ report thereon and notes thereto) of Zurich Insurance Company Ltd (“**ZIC**”) and its subsidiaries (collectively the “**ZIC Group**”) in respect of the year ended 2015 (the consolidated income statements being set out on page 37 of its 2015 annual report; the consolidated statements of comprehensive income being set out on pages 38 to 39 of its 2015 annual report; the consolidated balance sheets being set out on pages 40 to 41 of its 2015 annual report; the consolidated statements of cash flows being set out on pages 42 to 43 of its 2015 annual report; the consolidated statements of changes in equity being set out on pages 44 to 45 of its 2015 annual report; the notes to the financial statements being set out on pages 46 to 136 of its 2015 annual report; and the auditors’ report being set out on pages 138 to 139 of its 2015 annual report); and
- (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 year ended 2015 (the income statements being set out on page 142 of the 2015 annual report; the balance sheet being set out on pages 144 to 145 of the 2015 annual report; the notes to the financial statements being set out on pages 146 to 159 of the 2015 annual report; and the auditors’ report being set out on pages 160 to 161 of the 2015 annual report).

ZIC is not subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”).

ZIC will provide, without charge, to each person to whom a copy of the Base Prospectus and/or this Fourth Prospectus Supplement has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference. Requests for such documents should be directed to ZIC at its office set out at the end of the 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.

Information	Source
Information incorporated by reference of the ZIC Group	
Consolidated Income Statement for the year ended 31 December 2015.....	2015 Annual Report page 37
Consolidated Statements of Comprehensive Income for the year ended 31 December 2015.....	2015 Annual Report pages 38-39
Consolidated Balance Sheet as at 31 December 2015.....	2015 Annual Report pages 40-41
Consolidated Statement of Cash Flows for the year ended 31 December 2015.....	2015 Annual Report pages 42-43
Consolidated Statement of Changes in Equity for the year ended 31 December 2015.....	2015 Annual Report pages 44-45
Notes to the financial statements for the year ended 31 December 2015.....	2015 Annual Report pages 46-136
Auditor’s report for the year ended 31 December 2015.....	2015 Annual Report pages 138-139
Information incorporated by reference of Zurich Insurance Company Ltd	
Income Statement for the year ended 31 December 2015.....	2015 Annual Report page 142
Balance Sheet as at 31 December 2015.....	2015 Annual Report pages 144-145
Notes to the financial statements for the year ended 31 December 2015.....	2015 Annual Report pages 146-159
Auditor’s report for the year ended 31 December 2015.....	2015 Annual Report pages 160-161

SUPPLEMENTAL DISCLOSURE IN RELATION TO ZURICH INSURANCE COMPANY LTD

The description of ZIC on pages 108 to 121 (inclusive) of the Base Prospectus is supplemented by the addition of the following disclosures under the heading of “Zurich Insurance Company Ltd” on page 108.

GENERAL INFORMATION

The ZIC Group Key Segmental Information

The description of the ZIC Group Key Segmental Information on page 109 of the Base Prospectus is supplemented by the addition of the following disclosures.

Audited consolidated figures of the ZIC Group

in USD millions, as reported for the year ended 31 December 2015	Gross written premiums and policy fees	Total BOP¹ revenues	Net income/(loss) before income taxes
General Insurance	34,020	30,889	1,066
Global Life	14,446	23,498	1,439
Farmers	2,145	5,156	1,427
Other Operating Businesses	47	1,392	(629)
Non-Core Businesses	437	812	80
Total ZIC Group(*).....	50,998	59,649	3,383

* The Total ZIC Group information is presented after elimination of the inter-segment transactions, and as such does not reflect the sum of segment figures.

The ZIC Group Key Financial Information

The description of the ZIC Group Key Financial Information on page 110 of the Base Prospectus is supplemented by the addition of the following disclosures.

in USD millions	As at or for the year ended 31 December 2015 (audited)	As at or for the year ended 31 December 2014 as restated (unaudited)	As at or for the year ended 31 December 2014 restatements² (unaudited)	As at or for the year ended 31 December 2014 as previously reported (audited)
Gross written premiums and policy fees	50,998	54,781	0	54,781
Net written premiums and policy fees.....	42,920	48,680	0	48,680
Net investment result on Group investments.....	7,507	9,241	2	9,239

¹Business Operating Profit (BOP): This measure is the basis on which the ZIC Group manages all of its business units. It indicates the underlying performance of the ZIC Group’s business units, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders’ taxes, net capital gains/(losses) and impairments on investments (except for the capital markets included in Non-Core Businesses, investments in hedge funds, certain securities held for specific economic hedging purposes and policyholders’ share of investment results for the life businesses) and non-operational foreign exchange movements. Significant items arising from special circumstances, including restructuring charges, charges for litigation outside the ordinary course of business, gains and losses on divestments of businesses, impairments of goodwill and the change in estimates of earn-out liabilities (with the exception of experience adjustments, which remain within BOP) are also excluded from BOP.

²Effective from 1 January 2015, the ZIC Group changed its accounting policy relating to recognition of cumulative foreign currency translation adjustment (CTA), moving from an absolute to a proportionate ownership interest method, as a CTA release method based on proportionate ownership interest will lead to more relevant financial information. The impact was a reclassification of USD 54 million from retained earnings to CTA as of 31 December 2014. It also positively impacted the net investment result on ZIC Group investments and administrative and other operating expenses in 2014 by USD 54 million.

in USD millions	As at or for the year ended 31 December 2015 (audited)	As at or for the year ended 31 December 2014 as restated (unaudited)	As at or for the year ended 31 December 2014 restatements ² (unaudited)	As at or for the year ended 31 December 2014 as previously reported (audited)
Net income before income taxes.....	3,383	5,971	54	5,917
Net income after taxes attributable to shareholders.....	1,859	3,986	54	3,932
Total investments.....	318,646	339,708	0	339,708
Reserves for insurance contracts.....	237,622	253,719	0	253,719
Shareholders' equity	29,646	33,721	0	33,721

Subsequent Events

The description of “Subsequent Events” on pages 110 and 111 of the Base Prospectus is supplemented by the addition of the following disclosures.

“On 3 March 2016, it was announced that ZIC has successfully closed the placement of CHF 225 million of undated subordinated notes first callable in June 2021. The coupon of 2.75 per cent. per annum is fixed until June 2021. Thereafter the coupon will reset every 5 years based on the then prevailing 5-year swap rate plus a margin of 3.323 per cent. per annum. The notes were issued by ZIC under its Euro Medium Term Note Programme and were placed to retail and institutional investors in the Swiss Franc domestic market.”

SUPPLEMENTAL DISCLOSURE IN RELATION TO GENERAL INFORMATION

Paragraphs 6 and 7 on page 170 of the Base Prospectus are supplemented by the addition of the following disclosures:

6. “Since 31 December 2015 there has been no material adverse change in the prospects of ZIC or the ZIC Group.”

7. “Since 31 December 2015 there has been no significant change in the financial or trading position of ZIC or the ZIC Group.”

* * *

Pricing Supplement dated 20 May 2016

Zurich Insurance Company Ltd
Issue of EUR750,000,000 Fixed-to-Floating Dated Subordinated Notes due 2046
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 27 May 2015 (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. (i) Series Number:	42
(ii) Tranche Number:	1
3. Specified Currency or Currencies:	Euros (“ EUR ”)
4. Aggregate Nominal Amount of Notes:	
(i) Series:	EUR750,000,000
(ii) Tranche:	EUR750,000,000
5. Issue Price:	99.851 per cent. of the Aggregate Nominal Amount
6. (i) Specified Denominations:	EUR100,000 and integral multiples of EUR1,000 in excess thereof
(ii) Calculation Amount:	EUR1,000
7. (i) Issue Date:	24 May 2016
(ii) Interest Commencement Date:	Issue Date
8. Maturity Date:	The Interest Payment Date falling in October 2046
9. (i) Interest Basis:	3.500 per cent. Fixed Rate up to (but excluding) the First Call Date (as defined below) and thereafter 3 month EURIBOR + 3.950 per cent. (further particulars specified below)
(ii) Optional Deferral of interest for Subordinated Notes:	Applicable
(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	No
(iv) Solvency Deferral of interest for Subordinated Notes:	Applicable
(v) Relevant Entity:	ZIC and/or ZIG
(vi) Arrears of Interest payable at any time at Issuer’s Election:	Yes in whole or in part
10. Redemption / Payment Basis:	Redemption at par
11. Change of Interest or Redemption / Payment Basis:	See paragraphs 16 and 17 below
12. Put / Call Options:	Issuer call (further particulars specified below)
13. (i) Status of the Notes:	Subordinated
(ii) Date Board approval for issuance of Notes obtained:	11 December 2015
14. Condition 7(c)(ix) to apply:	Yes

15. Initial Permitted Non-Qualifying Lender: Demeter Investments B.V.

Provisions Relating to Interest (if any) Payable

16. Fixed Rate Note Provisions:	Applicable
(i) Rate of Interest:	3.500 per cent. per annum payable annually in arrear from (and including) the Interest Commencement Date until (but excluding) the First Call Date
(ii) Interest Payment Date(s):	1 October in each year commencing on 1 October 2016 until and including the First Call Date
(iii) Fixed Coupon Amount(s):	EUR35.00 per Calculation Amount
(iv) Broken Amount(s):	EUR12.43 per Calculation Amount payable on the Interest Payment Date falling on 1 October 2016
(v) Fixed Day Count Fraction:	Actual/Actual (ICMA)
(vi) Determination Dates:	Not Applicable
17. Floating Rate Note Provisions:	Applicable
(i) Interest Period(s):	Floating rate interest will be payable in respect of the period from and including the First Call Date to but excluding the First Interest Payment Date and thereafter for each period from and including an Interest Payment Date to but excluding the next Interest Payment Date (all as defined below)
(ii) Specified Interest Payment Dates:	1 January, 1 April, 1 July and 1 October of each year from and including the First Interest Payment Date to and including the Maturity Date
(iii) First Interest Payment Date:	1 January 2027
(iv) Business Day Convention:	Modified Following Business Day Convention
(v) Additional Business Centre(s):	Not Applicable
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	Not Applicable
(viii) Screen Rate Determination:	
– Reference Rate:	3 month EURIBOR
– Interest Determination Date(s):	The second day on which the TARGET System is open prior to the first day of each Interest Period
– Relevant Screen Page:	EURIBOR01 of the Thomson Reuters screen (or any successor or replacement page) as at 11.00 a.m. (Brussels time) on each Interest Determination Date
(ix) ISDA Determination:	
– Floating Rate Option:	Not Applicable
– Designated Maturity:	Not Applicable
– Reset Date:	Not Applicable
(x) Linear Interpolation:	Not Applicable
(xi) Margin(s):	+3.950 per cent. per annum
(xii) Minimum Rate of Interest:	Not Applicable
(xiii) Maximum Rate of Interest:	Not Applicable

(xiv) Day Count Fraction:	Actual/360
18. Zero Coupon Note Provisions:	Not Applicable

Provisions Relating to Redemption

19. Call Option:	Applicable
(i) Optional Redemption Date(s):	Callable on 1 October 2026 (the “ First Call Date ”) and any Interest Payment Date thereafter EUR1,000 per Calculation Amount
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	Not Applicable
(b) Maximum Redemption Amount:	Not Applicable
(iv) Notice period:	Not less than 15 nor more than 30 days
(v) Redemption of Subordinated Notes for Accounting Event:	Applicable at the Regular Redemption Price
(vi) Initial Accounting Treatment Methodology:	liabilities
(vii) Redemption of Subordinated Notes for Capital Event:	Applicable at the Regular Redemption Price
(viii) Redemption of Subordinated Notes for Regulatory Event:	Applicable at the Regular Redemption Price
(ix) Regular Redemption Price:	EUR1,000 per Calculation Amount
(x) Special Redemption Price:	Not Applicable
20. Put Option:	Not Applicable
21. Final Redemption Amount of each Note:	EUR1,000 per Calculation Amount
22. Early Redemption Amount:	
Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default:	EUR1,000 per Calculation Amount
23. Maturity Date of Dated Subordinated Notes extended upon a Solvency Event in accordance with Condition 6(a):	Applicable

General Provisions Applicable to the Notes

24. Form of Notes:	Individual Registered Notes
25. New Global Note Form:	No
26. Payment Business Centre(s) or other special provisions relating to Payment Days for the purpose of Condition 5 (c):	Not Applicable
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
28. Consolidation provisions:	Not Applicable
29. Relevant Jurisdictions:	See Condition 6(c)
30. Restricted Note (Condition 10(j) 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

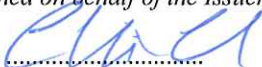
31. Other terms and conditions:

See attached Annexe


Responsibility

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

Signed on behalf of the Issuer:

By: 
Duly authorised

Christian H. P. Carl
Head of Group Treasury & Capital Management

By: 
Duly authorised

Ulrik Schytz
Head of Capital Markets

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:
S & P: A
Moody's: A2

3. Operational Information

- (i) ISIN Code: Not Applicable
- (ii) Common Code: Not Applicable
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* 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
- Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (v) Name and address of Common Safekeeper (if applicable): Not Applicable
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: No

Distribution

4. (i) If syndicated, names of Managers: Not Applicable
- (ii) Stabilising Manager(s) (if any): Not Applicable
5. If non-syndicated, name of Dealer: Not Applicable
6. U.S. Selling Restrictions: TEFRA Not Applicable
7. Additional selling restrictions: Not Applicable

ANNEXE

The Conditions set forth in the Trust Deed shall be amended as follows in relation to the Notes:

1. Paragraph (i) of the definition of “Senior Creditors” in Condition 2 is deleted and replaced by the following:
(i) all unsubordinated creditors and policyholders and beneficiaries of that entity;”

2. The first sentence of Condition 4(d) (ii) (*Solvency Deferral of Interest*) shall be amended by the replacement of the words: “has given its consent to such payment” by the following:

“has exceptionally waived the deferral of such Interest Payment, notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment.”

3. The third sentence of Condition 4(d) (iii) (*Arrears of Interest*) shall be amended by the insertion of the following words: “and to no Solvency Event having occurred or continuing and to the payment of such Arrears of Interest or any other amount not itself causing a Solvency Event” after the reference to: “(if such approval is required under Applicable Regulations at the relevant time)”.

4. The second sentence of Condition 6(a) (*Redemption and Purchase – At Maturity*) shall be amended by the replacement of the words: “unless the prior written approval of FINMA or any Successor Authority for such payments has been given” by the following:

“unless FINMA or any Successor Authority has exceptionally waived the suspension of redemption of the Dated Subordinated Notes and the Dated Subordinated Notes are exchanged for or converted into capital of at least the same quality or as otherwise permitted under the then Applicable Regulations.”

5. Paragraph (e) of the definition of “Qualifying Securities” in Condition 6(f) shall be amended by the deletion of the words: “unless the triggers are objective and measurable”.

6. Condition 6(l) (*Conditions to redemption, substitution of variation or Subordinated Notes*) shall be amended by the addition of the following to the end of the paragraph:

“and on the basis that no Solvency Event has occurred or is continuing and that any such redemption, substitution, variation or purchase would not itself cause a Solvency Event and, in the case of a redemption or purchase that is within five years of the Issue Date of the Notes, to such redemption or purchase being funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes and being permitted under the then applicable capital and solvency regulations (to the extent then required by FINMA or any Successor Authority thereto or by applicable capital or solvency regulations at the time, in order for the Subordinated Notes to qualify as at least Future Tier Two Capital under any Future Regulations).”

7. In Condition 6(d) the definition of “Future Regulations” shall be amended by the addition of the words “(the “*Future Tier Two Capital*”)” at the end of the sentence.

8. In the paragraph (B) of Regulatory Event definition in Condition 6(d) the “Tier Two own funds (or equivalent)” should be replaced by “Future Tier Two Capital”.

9. The first paragraph of Condition 10(j) (i) shall be amended by the replacement of the words “(a “**Transfer**” and “**Transferred**” shall be construed accordingly) 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 10(j) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement” by the following:

“(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 10(j) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.”

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