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PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRODUCT GOVERNANCE

Solely for the purposes of each manufacturer’s product approval process in relation to MiFID II, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE 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 EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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 Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited and HSBC Bank plc (the “**Managers**”) and Argentum Netherlands B.V. (the “**Issuer**”) that (i) you are located outside the 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 Managers.

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Neither the Managers, BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”) nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. The Managers, the Trustee and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Managers, the Trustee or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

The 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.

SERIES PROSPECTUS

ARGENTUM NETHERLANDS B.V.

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

Series 2019-01

EUR 500,000,000

Fixed-to-Floating Rate Reset Notes due 2049

Issued under the Secured Note Programme

secured by

EUR 500,000,000

Fixed-to-Floating Rate Subordinated Notes due 2049

of

ZURICH INSURANCE COMPANY LTD

Issue Price: 99.158 per cent.

Argentum Netherlands B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its statutory seat (*zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 34278112 (the "**Issuer**") is offering its Series 2019-01 EUR 500,000,000 Fixed-to-Floating Rate Reset Notes due 2049 (the "**Notes**") secured by the EUR 500,000,000 Fixed-to-Floating Rate Subordinated Notes due 2049 of Zurich Insurance Company Ltd (the "**Original Collateral**" and the "**Collateral Obligor**", respectively). The Notes will bear interest from (and including) 19 February 2019 (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) 19 February 2029, the Notes will bear interest at a rate of 2.750 per cent. per annum, and thereafter to (but excluding) the Collateral Maturity Date, the Notes will bear interest at a floating rate of interest, reset quarterly, equal to the aggregate of the floating rate for deposits in euro for a period of three months plus 2.20 per cent. per annum, plus a step-up margin of 1.00 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 Business Day immediately following the Collateral Maturity Date, 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 S&P Global Ratings Europe Limited. S&P Global Ratings 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 documents incorporated by reference herein, including the base prospectus dated 21 September 2018 relating to the Secured Note Programme of the Issuer (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. Such approval relates only to Notes that are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"), or on another regulated market for the purposes of MiFID II (as defined below) and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus. The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and 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 Euronext Dublin and have been admitted to the Official List (the "**Official List**"). The regulated market of Euronext Dublin is a regulated market for the purposes of the Directive 2014/65/EU of the European Parliament and of the council on markets in financial instruments (as amended, "**MiFID II**").

Joint Lead Managers

Citigroup

Crédit Agricole CIB

Credit Suisse

HSBC

The date of this Series Prospectus is 14 February 2019

This Series Prospectus (including the documents incorporate by reference herein – see the section entitled “*Documents Incorporated by Reference*” below) is supplemental to, and should be read in conjunction with, the Base Prospectus. 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, Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”), Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and HSBC Bank plc (together being the “**Managers**”) or BNY Mellon Corporate Trustee Services 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 Manager. Neither the Issuer nor any 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 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 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 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 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 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the 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 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.

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

Neither the Managers nor the Trustee have separately verified the information contained in this Series Prospectus. None of the 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 Manager or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each 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 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 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 Managers. The risk factors identified in this Series Prospectus are provided as general information only and the 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.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document

required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRODUCT GOVERNANCE – Solely for the purposes of each manufacturer’s product approval process in relation to MiFID II, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

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RISK FACTORS

The risk factors set out below should be read in addition to those set out in pages 19 to 68 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 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, save in the circumstances specified in the Collateral Conditions, 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). The Collateral Obligor will defer payment of interest on the Original Collateral if a Solvency Event (as defined in the Collateral Conditions) has occurred and is continuing and will defer payment of a portion of the payment of interest on the Original Collateral if, were the Collateral Obligor to make payment of the full interest, a Solvency Event would, as at the date of such payment, occur. Except as provided in the Collateral Conditions, Arrears of Interest (as defined in the Collateral Conditions) may

only be payable on the Original Collateral provided that no Solvency Event (as defined in the Collateral Conditions) (i) has occurred or is continuing or (ii) would occur as a result of such payment and (iii) in either case, the Collateral Obligor has obtained the prior written consent of the Swiss Financial Market Supervisory Authority (“**FINMA**”) or any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over the Collateral Obligor to the extent required.

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.

Potential discontinuation of reference rate

Investors should be aware that the Collateral Obligor may vary the terms of the Original Collateral pursuant to Condition 10(e) (*Benchmark discontinuation*) to select a successor reference rate or alternative reference rate. The application of any successor reference rate or alternative reference rate (notwithstanding the inclusion of any adjustment spread) could result in a lower amount being payable pursuant to the terms of the Original Collateral and accordingly payable to Noteholders pursuant to the terms of the Notes than would otherwise have been the case. In addition, the application of any alternative benchmark (as adjusted by an any adjustment spread) shall be effected without requiring the consent of the Issuer or the Trustee (see “*Modifications, waivers and substitution*” below).

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 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 on the Collateral Scheduled Maturity Date. If a Solvency Event has occurred and is continuing on the Collateral Scheduled Maturity Date, the Original Collateral will be redeemed promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of 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 Original Collateral Prospectus entitled **“The Subordinated Notes and the Deeply Subordinated Notes may be subject to optional redemption by the relevant Issuer including upon the occurrence of certain events”** 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 15(a) (*Restrictions on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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, as set out in Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 8(e) (*Redemption Following an Illegality Event*)).

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 15(a) (*Restrictions on Transfer of Restricted Notes*), (including subparagraph (vi) thereunder) and 15(b) (*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, amongst other things, (i) the Issuer has obtained the prior written consent of FINMA or any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over the Collateral Obligor and (ii) no Solvency Event (as defined in the Collateral Conditions) has occurred or is continuing and such redemption would not itself cause a Solvency Event (as defined in the Collateral Conditions), 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 an Information Reporting Regime (as defined in the Notes)), (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 or any other Information Reporting Regime that is not materially more onerous to comply with than 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.

As more fully described in Condition 20(b) (*Modification of these Conditions and/or any Transaction Document*), the Conditions of the Notes and the Trust Deed also provide that the Trustee, in certain circumstances and without the consent of Noteholders, 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. 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. Additionally, the Collateral Obligor has the right under Collateral Condition 6(g) (*Substitution or Variation*) to substitute all (but not some only) of the Original Collateral or to vary the terms of the Original Collateral, in which case neither the Issuer nor the Trustee is required or entitled to consent to or oppose any such substitution or variation which shall take effect as set out in and pursuant to Collateral Condition 6(g) (*Substitution or Variation*), and 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 and subject to the more detailed provisions of Condition 20(b)(ii) (*Modification of these Conditions and/or any Transaction Document*). Furthermore, the Collateral Obligor has the right under Collateral Condition 10(e) (*Benchmark discontinuation*) to vary the terms of the Original Collateral, in which case neither the Issuer nor the Trustee is required or entitled to consent to or oppose any such substitution or variation which shall take effect as set out in and pursuant to Collateral Condition 10(e) (*Benchmark discontinuation*), and the Trustee shall only be obliged to agree to modifications in connection with any such variation of the terms of the Original Collateral, if it has received a signed certificate of the Issuer in accordance with and subject to the more detailed provisions of Condition 20(b)(iii) (*Modification of these Conditions and/or any Transaction Document*). As more fully described in Condition 12(c) (*Consequential Amendments*), the Trustee shall also agree, without the consent of the Noteholders, to any modification to the Conditions of the Notes and/or the Transaction Documents (other than the Programme Deed) as the Issuer determines necessary to avoid the imposition of withholding on payments made to the Issuer, or fines or penalties that would be suffered by the Issuer, under an applicable Information Reporting Regime.

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 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 Managers request a rating should not be treated by a prospective investor as meaning that Credit Suisse or the other Managers accept any responsibility for the rating or the work of the relevant rating agency or that Credit Suisse or the other 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.

Notes where denominations involve integral multiples

It is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who (as a result of trading such amounts) holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the clearing system at the relevant time may not receive a Definitive

Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks Related to the Market

Limited liquidity of the Notes

Although application will be made to admit the Notes to the Official List of Euronext Dublin and admit them to trading on the regulated market of Euronext Dublin, 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 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 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 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 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 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 Managers, the Trustee, the Managers' Trustee or the Enforcement Agent in respect of the Collateral or the Collateral Obligor. None of the Issuer, the 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 Managers, nor shall the Noteholders or the 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.

The Collateral Conditions restrict the remedies available to the holder of the Original Collateral against the Collateral Obligor. If the Collateral Obligor fails to make any payment of principal or interest on the Original Collateral when due, action may be taken to enforce the obligations of the Collateral Obligor in respect of such unpaid principal or interest provided that no right to claim or enforce an early redemption of the Original Collateral or proceedings for the winding up of the Collateral Obligor exists. If, except for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of the Collateral Obligor, the terms of which shall have previously been approved in writing pursuant to the Collateral Conditions, a resolution is passed or an order of a court of competent jurisdiction is made that the Collateral Obligor be wound up or dissolved, then a notice may be given that the Original Collateral is immediately due and repayable at an amount equal to the principal amount thereof, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest). Consequently, there are only very limited circumstances where the Original Collateral may be deemed due and payable prior to the Collateral Maturity Date.

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 19 February 2029, 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 15(a) (*Restrictions on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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 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 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 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 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 the date two years after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register 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.

Holders 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.

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 72 to 158 inclusive)
 - (ii) Pass-Through Note Terms Product Supplement (pages 159 to 161 inclusive);
 - (iii) CLN Conditions Product Supplement (pages 162 to 219 inclusive);
 - (iv) Annex to the CLN Conditions Product Supplement – Frequently Asked Questions (pages 220 to 234 inclusive);
 - (v) Collateral Basket Product Supplement (pages 235 to 240 inclusive);
 - (vi) Summary of Provisions relating to the Notes while in Global Form (pages 241 to 246 inclusive);
 - (vii) Crest Clearing Arrangements (pages 247 to 248 inclusive);
 - (viii) Description of the Swap Counterparty (page 253);
 - (ix) Original Collateral (page 254);
 - (x) The Swap Agreement (pages 255 to 258 inclusive);
 - (xi) Subscription and Sale (pages 263 to 268 inclusive);
 - (xii) Appendix 1 – Form of Final Terms (pages 271 to 280 inclusive); and
 - (xiii) Appendix 2 – Form of Issue Terms of an Alternative Drawdown Document (pages 281 to 296 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_d502dae1-db3c-4419-930f-90d875d02d98.pdf

- 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 2017 (the “**2017 Accounts**”) shall be deemed to be incorporated in, and form part of, this Series Prospectus. The 2017 Accounts have been filed with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) (AFM), the Dutch Chamber of Commerce and the Central Bank, and can be found at:

<http://www.argentumnetherlandsbv.nl/documenten/34278112/Argentum%20Netherlands%20B.V.%20-%20Annual%20Accounts%202017.pdf>

There has been no material adverse change in the financial position or the prospects of the Issuer since 31 December 2017, 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 and Coupons referred to below.

An Agency Agreement has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, acting through its London Branch as initial issuing and paying agent and the other agents named in it.

The Issuer and the Managers have entered into a syndication agreement dated 14 February 2019 with respect to the Notes (the "**Syndication Agreement**").

The Issuer and Zurich Insurance Company Ltd have entered into a purchase agreement dated 14 February 2019 (the "**Purchase Agreement**") in respect of the purchase by the Issuer of the EUR 500,000,000 Fixed-to-Floating Rate Subordinated Notes due 2049 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**") (such holders of Coupons 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 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, The Bank of New York Mellon, London 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.

“Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time.

“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(d) (*Redemption at the Option of the Issuer*), Collateral Condition 6(e) (*Redemption Due to Taxation*) or Collateral Condition 6(f) (*Redemption Due to a Special Event or Clean-Up Event*).

“Collateral Call Redemption Amount” means, in respect of a Note, an amount in EUR equal to such Note’s *pro rata* share of the related Collateral Redemption Amount actually received by, or on behalf of, the Issuer (as defined in the Collateral Conditions).

“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 22 May 2018 (the **“Original Collateral Prospectus”**) (as supplemented by the supplement to the Original Collateral Prospectus dated 7 February 2019), together with the pricing supplement dated 14 February 2019 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 (*Remedies*).

“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(b) (*Redemption 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 Accrual*). For the avoidance of doubt, interest deferred pursuant to Collateral Condition 5(b) (*Optional Deferral of Interest*) or Collateral Condition 5(c) (*Solvency Deferral of Interest*) shall not constitute a Collateral Interest Amount until the scheduled day of payment following such deferral pursuant and subject to the Collateral Conditions.

“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, although interest is expected to be payable by the Collateral Issuer on 19 February in each year commencing on 19 February 2020 to and including the Fixed Rate End Date, and 19 February, 19 May, 19 August and 19 November in each year from but excluding the Fixed Rate End Date to and including the Collateral Maturity Date, under the Collateral Conditions, if such interest is not received (whether because such interest is deferred pursuant to Collateral Condition 5(b) (*Optional Deferral of Interest*) or Collateral Condition 5(c) (*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 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 date promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of not more than 30 nor less than 15 days’ notice of such effect to, among others, the holder of, and the trustee appointed in respect 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, 2.750 per cent. per annum being equivalent to the rate of interest as set out under Collateral Condition 4(a)(iv)(x) (*Interest Accrual – Fixed to Floating Rate Note*); and

- (ii) thereafter, a rate equal to the aggregate of the Rate of Interest (as determined pursuant to Collateral Condition 10(b) (*Floating Rate Note and Fixed to Floating Rate Notes*) and the pricing supplement in respect of the Original Collateral).

“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(d) (*Redemption at the Option of the Issuer*), Collateral Condition 6(e) (*Redemption Due to Taxation*) or Collateral Condition 6(f) (*Redemption Due to a Special Event or Clean-Up Event*).

“Collateral Scheduled Maturity Date” means the Collateral Interest Payment Date falling in February 2049.

“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.

“EUR” or **“euro”** means the currency introduced at the start of the third stage of European economical monetary union pursuant to the Treaty establishing the European Community, as amended.

“Euronext Dublin” means The Irish Stock Exchange plc trading as Euronext Dublin.

“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 Code; (ii) any similar or successor legislation to sections 1471 to 1474 of the Code; (iii) any regulations or guidance pursuant to either of the

foregoing; (iv) any official interpretations of any of the foregoing; (v) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “**IGA**”); or (vi) any law implementing an IGA; or (vii) any agreement with the United States or any other jurisdiction or authority pursuant to any of the foregoing.

“**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.

“**Fixed Rate End Date**” means the Collateral Interest Payment Date falling on or around 19 February 2029.

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.

“**Information Reporting Regime**” means (i) the common standard on reporting and due diligence for financial account information developed by the Organisation for Economic Co-operation and Development, bilateral and multilateral competent authority agreements, and treaties facilitating the implementation thereof, and any law implementing any such common standard, competent authority agreement, intergovernmental agreement, or treaty, (ii) Council Directive 2011/16/EU on administrative cooperation in the field of taxation and any law implementing such Council Directive and (iii) FATCA.

“**Initial Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End 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, in respect of the Initial Interest Period, 19 February in each year, and thereafter 19 February, 19 May, 19 August and 19 November in each year.

“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 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 Argentum Netherlands 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*).

“London Business Day” means a day (other than a Saturday or a Sunday) on which banks are open for general business in London.

“Manager” means each of Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited and HSBC 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 BNY Mellon Corporate Trustee Services 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 Business Day immediately following the Collateral Maturity Date.

“Modifications” has the meaning given to it in Condition 12(c) (*Consequential Amendments*).

“Modifications Certificate” has the meaning given to it in Condition 12(c) (*Consequential Amendments*).

“Moody’s” means Moody’s Investors Service Ltd.

“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 or Coupon) means the bearer of any Note or Coupon 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 Series 2019-01 EUR 500,000,000 Fixed-to-Floating Rate Reset Notes due 2049 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.

“**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 the Notes by, among others, 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.

“**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.

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

“**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 (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Zurich and (ii) 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 or the government of Switzerland.

“**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 S&P Global Ratings 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.

“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 BNY Mellon Corporate Trustee Services 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 19 February 2019 (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 Denominations**").

The Notes are serially numbered and are issued with Coupons.

Title to the Notes and Coupons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon 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 15(a) (*Restrictions on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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; and
- (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.

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 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 be given for the purposes of paragraph (f) in respect of any Collateral Substitution/Variation Modifications, Agent Appointment/Replacement Modifications or Collateral Benchmark Variation Modifications (each defined in Condition 20) upon receipt of the relevant Issuer certificate pursuant to Condition 20(b)(ii) or Condition 20(b)(iii), as applicable, subject to the proviso in the last sentence thereof), 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 and Rounding*), 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 (i) no Early Redemption Commencement Date has occurred, or (ii) no 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(d) (*Redemption at the Option of the Issuer*), Collateral Condition 6(e) (*Redemption Due to Taxation*) or Collateral Condition 6(f) (*Redemption Due to a Special Event or Clean-Up Event*) 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 supplied by the Issuer with the relevant notice) 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 the Collateral Call 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 the Issuer’s behalf, as hereby authorised by the Issuer) 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.

(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 supplied by the Issuer or the Calculation Agent with the relevant Early Redemption Notice) 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.

(d) Redemption for Taxation Reasons

- (i) Subject to Condition 8(d)(ii) and provided that (i) no Collateral Call Redemption Date has occurred, (ii) no Early Redemption Commencement Date has occurred, or (iii) no 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 Trustee (acting on the instruction of an 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 withholding or deduction in respect of an Information Reporting Regime 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 or any other Information Reporting Regime that is not materially more onerous to comply with than 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 Withholding Tax 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” or “nonparticipating FFI” (as such terms are used under section 1471 of the 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) 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,

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 (*Taxation*).
- (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.

(e) Redemption Following an Illegality Event

- (i) Provided that (i) no Collateral Call Redemption Date has occurred, (ii) no Early Redemption Commencement Date has occurred, or (iii) no 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 Trustee (acting on the instruction of 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.

(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 (i) no Collateral Call Redemption Date has occurred, (ii) no Early Redemption Commencement Date has occurred, or (iii) no 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) interest payable on a Collateral Call Redemption Date, (IV) an Early Redemption Amount or (V) 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 purchase Notes (provided that all unmatured Coupons 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, subject to the consent of the Trustee, 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 further enquiry and 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 Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin, be in accordance with all applicable rules and regulations of Euronext Dublin.
 - (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 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 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 and Rounding

(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.

(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).

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*)) or Coupons (in the case of interest, save as specified in Condition 10(c) (*Unmatured Coupons*)), 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 Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, 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

- (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) 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, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (iii) 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.
- (iv) Default Interest on any Note shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it.

(d) 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(d), “**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 London and the relevant place of presentation.

(e) 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 supplied by the Issuer or the Calculation Agent with the relevant notice) 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.

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: | The Bank of New York Mellon, acting through its London Branch
One Canada Square
London E14 5AL
United Kingdom |
| (ii) | Custodian: | The Bank of New York Mellon, acting through its London Branch
One Canada Square
London E14 5AL
United Kingdom |
| (iii) | Disposal Agent: | Credit Suisse International
One Cabot Square
London E14 4QJ |
| (iv) | Enforcement Agent: | The Bank of New York Mellon, acting through its London Branch
One Canada Square
London E14 5AL
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 of the Custodian or the Issuing and Paying Agent will be:

- (A) a short-term issuer credit rating higher than or equal to "A-2" by Standard & Poor's; and
- (B) a short-term issuer credit rating higher than or equal to "P-3" by Moody'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 withholding required by an Information Reporting Regime shall be deemed to be required by applicable law.

(b) Provision of Information

Each Noteholder, Couponholder and beneficial owner of Notes shall, within 10 London Business Days of the Issuer giving a request in accordance with Condition 23 (*Notices*) or receipt of a request from any agent acting on behalf of the Issuer, supply to the Issuer and/or any agent acting on behalf of the Issuer such forms, documentation and other information relating to such Noteholder's, Couponholder's or beneficial owner's status under any Applicable Law (including, without limitation, any Information Reporting Regime) or any agreement entered into by the Issuer pursuant thereto as the Issuer and/or any agent acting on behalf of the Issuer reasonably requests for the purposes of the Issuer's or such agent's compliance with such law or agreement and such Noteholder, Couponholder or beneficial owner shall notify the Issuer and/or any agent acting on behalf of the Issuer (as applicable) reasonably promptly if it becomes aware that any of the forms, documentation or other information provided by such Noteholder, Couponholder or beneficial owner is (or becomes) inaccurate in any material respect; provided, however, that no Noteholder, Couponholder or beneficial owner shall be required to provide any forms, documentation or other information pursuant to this Condition 12(b) to the extent that:

- (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Noteholder, Couponholder or beneficial owner and cannot be obtained by such Noteholder, Couponholder or beneficial owner using reasonable efforts; or
- (ii) doing so would or might in the reasonable opinion of such Noteholder, Couponholder or beneficial owner constitute a breach of any (A) Applicable Law, (B) fiduciary duty or (C) duty of confidentiality,

and, in each case, such Noteholder, Couponholder or beneficial owner promptly provides written notice to the Issuer and/or any agent acting on behalf of the Issuer (as applicable) stating that it is unable to comply with the Issuer's and/or such agent's request and the reason for such inability to comply.

The Issuer and its duly authorised agents and delegates may disclose the forms, documentation and other information provided to the Issuer and/or any agent acting on behalf of the Issuer (as applicable) pursuant to this Condition 12(b) to any taxation or other governmental authority.

For the purposes of this Condition 12(b), “**Applicable Law**” shall be deemed to include (a) any rule or practice of any Authority by which the Issuer or any agent on behalf of the Issuer is bound or with which it is accustomed to comply, (b) any agreement between any Authorities and (c) any agreement between any Authority and the Issuer or any agent on behalf of the Issuer that is customarily entered into by institutions of a similar nature; and “**Authority**” means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction.

(c) Consequential Amendments

Each Noteholder, Couponholder and beneficial owner of the Notes further agrees and consents that, in respect of applicable Information Reporting Regimes, the Issuer may, but is not obliged and owes no duty to any person to, (i) 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, (ii) enter into an agreement with the U.S. Internal Revenue Service or (iii) comply with other legislation or agreements under an applicable Information Reporting Regime, in each case, in such form as may be required to avoid the imposition of withholding on payments made to the Issuer, or fines or penalties that would be suffered by the Issuer, under an applicable Information Reporting Regime.

In connection therewith, the Issuer may, without the consent of the Noteholders, the Couponholders or any beneficial owner of the Notes, make such amendments to the Conditions and/or the Transaction Documents (except for the Programme Deed) as it determines necessary to avoid the imposition of withholding on payments made to the Issuer, or fines or penalties that would be suffered by the Issuer, under an applicable Information Reporting Regime (such amendments, the “**Modifications**”), provided that:

- (A) the Modifications are agreed to by each party to the affected Transaction Documents (and the Trustee) (in each case, such consent not to be unreasonably withheld or delayed);
- (B) the Trustee shall agree to the Modifications upon receipt of the Modifications Certificate but subject to the proviso in the paragraph immediately below;
- (C) the Modifications do not require a special quorum resolution; and
- (D) the Issuer certifies in writing (such certificate, a “**Modifications Certificate**”) to the Trustee and each party to the affected Transaction Documents that the Modifications (I) are necessary to avoid the imposition of withholding on payments made to the Issuer, or fines or penalties that would be suffered by the Issuer, under an applicable Information Reporting Regime and (II) do not require a special quorum resolution.

The Trustee may rely, without further enquiry and with no liability for so doing, on a Modifications Certificate. Upon receipt of a Modifications Certificate, the Trustee shall agree to the Modifications without seeking the consent of the Noteholders or any other party, provided that the Trustee shall not be required to agree to the Modifications if, in the opinion of the Trustee (acting reasonably), the Modifications would (x) expose the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the protective provisions afforded to the Trustee in the Conditions or any Transaction Document for the Notes.

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 15(a) (*Restrictions on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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 Trustee becomes aware of 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 in each case 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 (or a receiver appointed on its behalf) 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 15(a) (*Restriction on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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 Trustee (acting on the instruction of 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 on the instruction of 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 the Final Redemption Amount, any interest due and payable on the Maturity Date, 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 5.6 (*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 15(a) (*Restrictions on Transfer of Restricted Notes*) and Collateral Condition 15(b) (*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 5.6 (*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 5.6 (*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) (*Managers' 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 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/or any Transaction Document 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 maturity or early redemption of the Notes or any date for payment of interest 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 any Collateral Call Redemption Amount, 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 the circumstances in which the Issuer is entitled or is required to redeem the Notes pursuant to 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. "**Special Quorum Matter**" means those matters which require the sanction, approval, instruction, authorisation, direction, assent or any other action of the Noteholders acting by Extraordinary Resolution which is a special quorum resolution (as defined in the Trust Deed).

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 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-paragraphs (ii), (iii) and (iv) 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 and (b) may agree 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**”), which the Trustee shall, subject to paragraphs (ii) and (iii) below, agree to make, and the Trustee shall sign such documents as may be required to give effect to such modifications.

The Collateral Obligor has the right, under Collateral Condition 6(g) (*Substitution or Variation*), (without any requirement for the consent or approval of the holders of the Original Collateral but subject to the provisions of such Collateral Condition) either to substitute (an “**Original Collateral Substitution**”) all (but not some only) of the Original Collateral, or vary the terms of the Original Collateral (an “**Original Collateral Variation**”). Neither the Issuer nor the Trustee is required or entitled to consent to or oppose any such Original Collateral Substitution or Original Collateral Variation which shall take effect as set out in and pursuant to the provisions of Collateral Condition 6(g) (*Substitution or Variation*). The Issuer may make such modification to these conditions and/or the Transaction

Documents as it determines necessary to reflect such Original Collateral Substitution or Original Collateral Variation (the “**Collateral Substitution/Variation Modifications**”) which the Trustee shall, subject to paragraphs (ii) and (iii) below, agree to make, and the Trustee shall sign such documents as may be required to give effect to such Collateral Substitution/Variation Modification. Notwithstanding anything to the contrary in these Conditions or in the Trust Deed, no Original Collateral Substitution, no Original Collateral Variation and none of the Collateral Substitution/Variation Modifications shall require the consent or sanction of Noteholders (whether by Extraordinary Resolution or otherwise) and shall not constitute Special Quorum Matters.

The Collateral Obligor has the right, under Collateral Condition 10(e) (*Benchmark discontinuation*), (without any requirement for the consent or approval of the holders of the Original Collateral but subject to the provisions of such Collateral Condition) to vary the terms of the Original Collateral (an “**Original Collateral Benchmark Variation**”). Neither the Issuer nor the Trustee is required or entitled to consent to or oppose any such Original Collateral Benchmark Variation which shall take effect as set out in and pursuant to the provisions of Collateral Condition 10(e) (*Benchmark discontinuation*). The Issuer may make such modification to these conditions and/or the Transaction Documents as it determines necessary to reflect such Original Collateral Benchmark Variation (the “**Collateral Benchmark Variation Modifications**”) which the Trustee shall, subject to paragraphs (iii) and (iv) below, agree to make, and the Trustee shall sign such documents as may be required to give effect to such Collateral Benchmark Variation Modification. Notwithstanding anything to the contrary in these Conditions or in the Trust Deed, no Original Collateral Benchmark Variation and none of the Collateral Benchmark Variation Modifications shall require the consent or sanction of Noteholders (whether by Extraordinary Resolution or otherwise) and shall not constitute Special Quorum Matters.

At least 7 calendar days’ prior written notice of any Collateral Substitution/Variation Modifications or Agent Appointment/Replacement Modifications shall be given to the Trustee. The Issuer shall (i) promptly notify the Trustee, the Noteholders, the Issuing and Paying Agent and the other Agents in writing of any proposed Original Collateral Benchmark Variation of which it becomes aware and (ii) notify the Trustee, the Noteholders, the Issuing and Paying Agent and the other Agents in writing of any proposed Collateral Benchmark Variation Modification it proposes to make pursuant to this Condition not later than 5 Business Days prior to the date any such Collateral Benchmark Variation Modifications is to take effect. Pursuant to the terms of the Agency Agreement, if any of the Collateral Benchmark Variation Modifications made pursuant to this Condition 20(b) affects the duties expressed to be performed by any Agent then such Agent is not obliged to perform those duties unless it has approved such Collateral Benchmark Variation 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 such modification, authorisation or waiver shall be notified to the Noteholders by or on behalf of the Issuer 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 Collateral Substitution/Variation Modification(s) (A) are required solely to make the corresponding changes arising from an Original Collateral Substitution or an Original Collateral Variation, in accordance with Collateral Condition 6(g) (*Substitution and Variation*), (B) have been drafted solely to such effect and (C) pursuant to the preceding paragraph, do not constitute Special Quorum Matters. 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 and have been drafted solely to such effect. When implementing any such modifications as aforesaid 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 any 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 (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.
- (iii) The Trustee shall only be obliged to agree to any Collateral Benchmark Variation Modifications upon receipt of a certificate of the Issuer signed by a director of the Issuer certifying that such Collateral Benchmark Variation Modification(s) (A) are required solely to make the corresponding changes arising from an Original Collateral Benchmark Variation, in accordance with Collateral Condition 10(e) (*Benchmark discontinuation*), (B) have been drafted solely to such effect and (C) pursuant to the paragraph (i) above, do not constitute Special Quorum Matters. When implementing any such modifications as aforesaid 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 any 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 (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.
- (iv) 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 and the Coupons, 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 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 and Coupons

If a Note or Coupon 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 or Coupon 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 or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons 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, the Notes, 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) Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes or Coupons and accordingly any legal action or proceedings arising out of or in connection with any Notes or Coupons ("**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 and Receipts 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 Hackwood Secretaries Limited at One Silk Street, London, EC2Y 8HQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

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 will be delivered on or prior to the Issue Date to the Common Safekeeper. The nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. 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. Depositing the Global Notes with the Common Safekeeper 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 satisfaction of the Eurosystem eligibility criteria.

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

In exchange for such Global Note, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant Clearing System.

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. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant Clearing System and represented by the Global Note will be reduced accordingly. Payments will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of the Global Note, the words "in the relevant place of presentation," shall not apply in the definition of "business day" in Condition 10(d) (*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.

Nominal Amount

The Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of

payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

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 Safekeeper**" means a common safekeeper 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). 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 (the Issuer being the beneficial owner of the Original Collateral), 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:	The regulated market of the 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 Managers, and the Managers have jointly and severally agreed to purchase from the Issuer, the Notes.

The 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 Managers is subject to receipt and acceptance and subject to the Managers' rights to reject any order in whole or in part.

Indemnification

The Issuer has agreed to indemnify the Managers against certain liabilities or to contribute to payments that the 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 may not at any time be offered or sold within the United States or to, or for the account or benefit of, any person who is (a) a U.S. person (as defined in Regulation S under the Securities Act), (b) not a "Non-United States person" (as such term is defined in Rule 4.7 under the U.S. Commodity Exchange Act of 1936, but excluding for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are not Non-United States persons) ("**Rule 4.7**") or (c) a U.S. person (as defined in the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934). Terms used in this paragraph and not otherwise defined have the meanings given to them by Regulation S.

Each Manager has represented and agreed that it has not offered, sold or delivered and will not at any time offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution or (ii) otherwise within the United States or to, or for the account or benefit of, any person who is (a) a U.S. person (as defined under Regulation S), (b) not a Non-United States person (as defined in Rule 4.7) or (c) a U.S. person (as defined in the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934). In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Each Manager has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not at any time be offered or sold within the United States or to, or for the account or benefit of, (a) any U.S. person as defined in Regulation S under the Securities Act ("**Regulation S**"), (b) any person who is not a "Non-United States person" (as such term is defined in

Rule 4.7 under the U.S. Commodity Exchange Act of 1936, but excluding for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are not Non-United States persons) or (c) any U.S. person as defined in the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934. Terms used above and not otherwise defined have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986) (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Manager has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules and Internal Revenue Service Notice 2012-20.

United Kingdom

Each 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 the 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.

Belgium

Each Manager has represented and agreed that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgium Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

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, advertised, marketed or otherwise distributed, 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 registered with or approved by any Swiss regulatory authority including the Swiss Financial Market Supervisory Authority FINMA. The Notes are not subject to supervision by the Swiss Financial Market Supervisory Authority FINMA, and investors in the Notes will not benefit from supervision by such authority or protection under the Swiss Collective Investment Schemes Act.

Hong Kong

No person may issue, or have in its possession for the purposes of issue, and no person will 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

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 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.

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.

Prohibition of sales to EEA retail investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Series Prospectus in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and

- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

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 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 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 13 February 2019.
- 2 The Base Prospectus is available on the website of Euronext Dublin: http://www.ise.ie/debt_documents/Base%20Prospectus_d502dae1-db3c-4419-930f-90d875d02d98.pdf
- 3 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code 194270852. The International Securities Identification Number for the Notes is XS1942708527.
- 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 be represented by a permanent global note in New Global Note form.
- 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 on a syndicated basis by the Managers.
- 9 The Notes will be delivered against payment.
- 10 The Notes are intended to be held in a manner which would allow Eurosystem eligibility. Upon issue, the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, although this 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 European Central Bank 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 Notes and is not itself seeking admission of Notes to the Official List or to trading on its regulated market for the purposes of the Prospectus Directive.
- 14 The estimated net proceeds of the issue is EUR 494,282,307 and the estimated total expenses of the issue is EUR 3,290.
- 15 The Issuer is not involved in any governmental, legal or arbitration proceedings in the twelve months preceding the date of this Series Prospectus which may have, or have had, a significant effect on its

financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.

- 16** For as long as any of the Notes are listed, 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 14 February 2019.

**APPENDIX:
COLLATERAL DOCUMENTATION**

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



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

Euro Medium Term Note Programme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Arranger

Citigroup

Dealers

Citigroup

Crédit Agricole CIB

Credit Suisse

Deutsche Bank

HSBC

J.P. Morgan

UBS Investment Bank

Zürcher Kantonalbank

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISK FACTORS

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

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

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

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

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

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

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

Ratings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See also "Regulatory or legal changes" below.

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

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

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

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

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

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

The ZIC Group has credit exposure arising from OTC derivative contracts

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

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

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

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

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

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

Risk of insufficiency of loss reserves

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

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

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

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

Life insurance:

Biometric Risks

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

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

Surrenders

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

Options and guarantees

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

Variable Life Insurance Contracts with Guarantees or Stable Value Protection Features

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

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

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

Inability of reinsurers to meet their obligations and unavailability of reinsurance

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

Competition risks

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

Foreign currency exchange risks

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

Regulatory investigations, litigation and settlement risks

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

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

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

Regulatory or legal changes

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

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

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

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

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

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

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

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

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

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

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

Natural and man-made catastrophe risks

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

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

Deferred tax assets and liabilities

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

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

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

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

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

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

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

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

FATCA Withholding

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

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

institutions until after 31 December 2018 at the earliest.

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

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

Adequacy of resources to meet pension obligations

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

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

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

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

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

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

Restricted remedies for non-payment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Subordinated Notes and the Deeply Subordinated Notes may be perpetual

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

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

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

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

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

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

In relation to Guaranteed Subordinated Notes:

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

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

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

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

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

- **Risks related to the market generally**

An active trading market may not develop for the Notes

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

Exchange rates and exchange controls

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

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

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

Tax consequences of holding the Notes

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

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

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

Potential Amendment of the Swiss Withholding Tax Act

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

International Automatic Exchange of Information in Tax Matters

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

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

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

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

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

Australian IGA and FATCA withholding

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

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

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

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

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

Australian insolvency laws

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

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

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

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

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

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

- **Risks related to the Notes generally**

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

Notes may not be a suitable investment for all investors

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

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount

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

Modification, waivers and substitution

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

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

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

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

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

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

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

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

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

Applicable Law

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

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

Denomination (secondary trading)

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

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

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

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

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

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

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

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

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

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

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

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

INFORMATION INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

Dealers:

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

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

Agent:

Citibank, N.A.

Luxembourg Listing Agent:

Banque Internationale à Luxembourg

Size:

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

Distribution:

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

Currencies:

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

Maturities:

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

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

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

Issue Price:

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

Form of Notes:

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

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

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

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

Fixed Rate Reset Notes:

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

Fixed to Floating Rate Notes:

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

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

Other provisions in relation to Floating Rate Notes:

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

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

Zero Coupon Notes:

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

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

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

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

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

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

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

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

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

Denomination of Notes:

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

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

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

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

Write-Down of Notes:

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

Taxation:

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

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

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

Negative Pledge:

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

Cross Default:

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

Status of the Notes:

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

Guarantees by ZIC:

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

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

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

Prescription:

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

Listing and Admission to Trading:

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

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

Governing Law:

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

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

Selling Restrictions:

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

TERMS AND CONDITIONS OF THE SENIOR NOTES

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

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

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

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

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

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

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

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

1. Form, Denomination and Title

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

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

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

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

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

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

Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

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

2. Listed Swiss Franc Notes

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

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

3. Status

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

4. Negative Pledge

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

5. Guarantee

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

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

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

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

6. Interest and other Calculations

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

(a) Interest Basis

(i) Notes other than Zero Coupon Notes

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

(a) Fixed Rate Note:

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

(b) Fixed Rate Reset Note:

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

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

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

(c) Floating Rate Note:

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

(d) Fixed to Floating Rate Note:

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

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

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

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

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

(ii) Zero Coupon Notes

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

(b) Calculations

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

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

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

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

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

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

7. Redemption, Purchase and Options

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

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

(b) ***Early Redemption***

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

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

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

(ii) **Other Notes:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Purchases

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

(h) Cancellation

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

(i) Trustee Not Obligated to Monitor

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

8. Taxation

(a) Notes issued by ZIC

(i) Notes other than Restricted Notes

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

(ii) Restricted Notes

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

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

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

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

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

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

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

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

(c) Notes issued by ZF (Australia)

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

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

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

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

(d) Notes issued by ZHCA

(i) Additional Amounts

In the case of Notes issued by ZHCA, all payments of principal, premium and interest in respect of the Notes issued by ZHCA will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") unless such withholding or deduction is required by law, intergovernmental agreement and/or by agreement described in Section 1471(b) of the Code. In such event, ZHCA will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such sums as the Noteholders would have received if no such deduction or withholding had been required.

(ii) Exceptions

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

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

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

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

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

(iii) Treatment of the Notes as indebtedness

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

9. Events of Default

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

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

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

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

10. Interest Determination and Payment Dates

(a) *Fixed Rate Reset Notes - Fallbacks*

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

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

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

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

(i) *Interest Payment Dates*

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

(ii) *Business Day Convention*

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

(iv) *Linear Interpolation*

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

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

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

(d) *Calculation Agent*

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

(e) *Benchmark discontinuation*

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

(i) *Independent Adviser*

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

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

(ii) *Successor Rate or Alternative Rate*

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

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

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

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

(iii) Adjustment Spread

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

(iv) Benchmark Amendments

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

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

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

(v) Notices, etc.

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

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

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

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

(vi) Survival of Original Reference Rate

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

(vii) Definitions:

As used in this Condition 10(e):

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

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

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

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

“**Benchmark Event**” means:

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

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

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

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

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

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

11. Payments

(a) *Appointment of Agents*

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

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

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

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

(b) *Bearer Notes*

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

(c) *Registered Notes*

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

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

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or ZIC (where ZIC is not the Issuer) or its agents) and neither the Issuer nor ZIC (where ZIC is not the Issuer) will be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Non-Business Days*

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph,

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the applicable Pricing Supplement and:

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

(g) *Payments on Listed Swiss Franc Notes*

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

(h) *Special Provisions relating to Coupons and Talons*

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unexpired Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unexpired Coupons or any unexpired Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

12. Meetings of Noteholders, Modification and Waiver

(a) *Single Noteholder*

In relation to any Series of Restricted Notes held by a Single Noteholder, the meeting, quorum and voting provisions of Condition 12(b) and the modification provisions of Condition 12(c) shall not apply. Instead, only those amendments, waivers or variations of the Notes or the Trust Deed agreed in writing by the Single Noteholder and the parties to the Trust Deed will be made.

A “**Single Noteholder**” means a sole Noteholder, who has certified to the Trustee that it is the sole Noteholder of the Notes of that Series and is not holding such Notes as a depositary for, or nominee of, Euroclear or Clearstream.

(b) *Meetings of Noteholders*

- (i) In relation to Notes issued by ZIC, the provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Listed Swiss Franc Notes and other Notes issued by ZIC by way of a public offering within the meaning of Article 1157 of the Swiss Code of Obligations and Condition 12(b)(ii) shall not apply at all.
- (ii) In relation to any Notes other than those falling within Condition 12(a) or Condition 12(b)(i), the Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount, the Optional Redemption Amount, Amortised Face Amount or the Clean-Up Redemption Price, (vi) to vary the currency or currencies of payment

or denomination of the Notes, (vii) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (viii) to cancel or modify the ZIC Senior Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 10(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “Companies Act 1915”), are excluded in the case of Notes issued by ZF (Luxembourg). No holder of Notes issued by ZF (Luxembourg) may initiate proceedings against ZF (Luxembourg) based on article 470-21 of the Companies Act 1915.

(c) Modification of the Trust Deed or Agency Agreement

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the ZIC Senior Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed, the ZIC Senior Guarantee (if applicable) or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

13. Issuer Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 13 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 (*Taxation*) with the substitution for the references in that Condition to the Issuer’s Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;
- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer, ZIC (where ZIC is not the Issuer) and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (equivalent to that referred to in Condition 5 (*Guarantee*)) in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement, the relevant ZIC Senior Guarantee (if applicable) and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor and ZIC (as applicable).

In connection with any such substitution in accordance with this Condition 13 (*Issuer Substitution*), references in the definition “Tax Law Change” to Relevant Jurisdiction shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words “becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series” in the definition “Tax Law Change” shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) was given pursuant to the Trust Deed”).

Any such agreement by the *Trustee* pursuant to this Condition 13 (*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

14. The Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 12 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the *Issuer* any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless *indemnified* and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any opinion, certificate or written confirmation given *pursuant* to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

For the avoidance of doubt, nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or *the* rights and remedies of the Trustee or the Agents in respect thereof.

15. Restricted Notes

This Condition 15 (Restricted Notes) only applies to Notes issued by ZIC.

(a) Restrictions on Transfer of Restricted Notes

(i) If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(a) shall apply and the Restricted Notes will be issued as Registered Notes and may only be assigned or transferred, including upon an enforcement of a security (a “**Transfer**” and “**Transferred**” shall be construed accordingly):

- (a) in whole or in part, if the Transfer is to a Qualifying Bank; or
- (b) in whole, but not in part (except for parts of Restricted Notes held by Qualifying Banks at the time), if the Transfer is to a Permitted Non-Qualifying Lender,

provided that no Transfer under this Condition 15(a) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.

The Restricted Notes will bear a legend setting out the applicable transfer restrictions provided for in this Condition 15(a).

(ii) A Noteholder may at any time require that the Issuer replaces such Noteholder’s Certificate(s) representing the Restricted Notes with Certificates in minimum denominations equal to the Restricted Note Minimum Denomination Amount specified in the applicable Pricing Supplement.

(iii) Restricted Notes may only be Transferred in amounts equal to the Restricted Note Transfer Amount specified in the applicable Pricing Supplement.

(iv) Any Transfer of a Restricted Note shall be recorded by the Registrar in the Register on production of:

- (a) the relevant Certificate representing the Restricted Note and certification delivered to the Registrar by the transferee to the effect that it is either a Qualifying Bank or a Permitted Non-Qualifying Lender; and
- (b) such other evidence as the Issuer may require.

Any Transfer of a Restricted Note shall only be effective and shall only be recorded by the Registrar in the Register if such Restricted Note is transferred in accordance with this Condition 15(a).

(v) Subject to this Condition 15(a), no Noteholder shall at any time enter into any arrangement with another person under which such Noteholder transfers all or part of its interest in the Restricted Notes to that other person, unless under such arrangement throughout the life of such arrangement:

- (a) the relationship between the Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of that Noteholder or the Issuer);
- (b) the other person will have no proprietary interest in the benefit of the Restricted Notes or in any monies received by the Noteholder under or in relation to the Restricted Notes held by that Noteholder; and

- (c) the other person will under no circumstances (other than by way of permitted Transfer under this Condition 15(a)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Restricted Notes and otherwise have a contractual relationship with, or rights against, the Issuer under or in relation to, the Restricted Notes.

The granting of security in accordance with Condition 15(b) is deemed not to constitute a Transfer of an interest under the Restricted Notes for the purposes of this Condition 15(a).

- (vi) For so long as Restricted Notes are outstanding, the Issuer will ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this undertaking if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set out in this Condition 15(a) or in Condition 15(b).

(b) Grants of Security

If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(b) shall apply. Any Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Restricted Notes to secure obligations of such Noteholder; provided that:

- (i) no such charge or creation of a security interest shall:
 - (a) substitute any such chargee or holder of the benefit of such security interest for such Noteholder as Noteholder except in accordance with the provisions of Condition 15(a); or
 - (b) require any payments to be made by the Issuer other than as required by the Restricted Notes. A copy of any notice of charge or creation of security interest as envisaged in this paragraph shall be delivered to the Issuing and Paying Agent and the Issuing and Paying Agent shall not be obliged to take any action in regard to such notice; and
- (ii) such charge or security interest shall in each case provide that on any assignment or transfer of the interest in the Restricted Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 15(a); and
- (iii) the Noteholder promptly notifies the Registrar of any such charge or security interest and the secured party's identity and status by delivering to the Registrar a notification to such effect.

16. Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(b) Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement and, in the case of Restricted Notes, Condition 15 (*Restricted Notes*). The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer or Exercise Notice and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) *Transfer Free of Charge*

Transfer of Notes and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 7(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

17. Replacement of Notes, Certificates, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. Notices

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer's and/or ZIC's website. For so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address www.six-swiss-exchange.com/news/official_notices.html) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer and/or ZIC shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication, and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

20. Prescription

Claims in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

22. Governing Law

(a) The Trust Deed (other than the provisions therein relating to the ZIC Senior Guarantee, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Each Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes may be brought in such courts.

- (c) Each Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer or ZIC (where ZIC is not the Issuer) in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) Each Issuer (other than ZF (UK)) has appointed Zurich Insurance plc, UK branch at its registered office for the time being as its agent for service of process in respect of any Proceedings in England and has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (g) Any ZIC Senior Guarantee is governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of a ZIC Senior Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

23. Definitions and Interpretation

(a) General definitions

“**Additional Amounts**” has the meaning given to it in Condition 8 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Australian Tax Act**” means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the context requires;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer and/or ZIC, as applicable;

“**Bank**” has the meaning given to it in Condition 11(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer or ZIC (where ZIC is not the Issuer) to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Clean-Up Event to (and including) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement);

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Event of Default**” has the meaning given to it in Condition 9 (*Events of Default*);

“**Exercise Notice**” has the meaning given to it in Condition 7(d);

“**FATCA Withholding**” has the meaning given to it in Condition 8 (*Taxation*);

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

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 6(a) and 10(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Guarantor**” means ZIC in its capacity as guarantor under any ZIC Senior Guarantee;

“**Guidelines**” means, together, the guideline “Interbank Loans” of 22 September 1986 (S-02.123) (*Merkblatt “Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben)” vom 22. September 1986*); the guideline “Bonds” of April 1999 (S 02.122.1) (*Merkblatt “Obligationen” vom April 1999*); the guideline “Syndicated Loans” of January 2000 (S-02.128) (*Merkblatt “Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen” vom Januar 2000*); the circular letter No. 15 (1-015-DVS-2017) of 3 October 2017 in relation to bonds and derivative financial instruments as subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 “Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben” vom 3. Oktober 2017*) and the circular letter “Deposits” of 26 July 2011 (1-034-V-2011) (*Kreisschreiben Kundenguthaben vom 26. Juli 2011*), each as issued, and as amended from time to time, by the Swiss federal tax authorities;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 10(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**Issuer’s Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
 - (i) with a term equal to the relevant Reset Period; and
 - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or
- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency;

- (i) with a term equal to the relevant Reset Period; and
- (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule;

“**Noteholder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Permitted Non-Qualifying Lender**” means, in respect of a Series of Restricted Notes, a person or entity which is not a Qualifying Bank on the date it becomes a Noteholder and:

- (a) is initially a Permitted Non-Qualifying Lender (if any) specified thereon (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with these Conditions); or
- (b) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 15(a)) of all but not some only the Restricted Notes held by such initial Permitted Non-Qualifying Lender, or such subsequent successor thereof (for so long as that successor continues to be a Noteholder in accordance with the Conditions), which:
 - (i) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 15(a), provided that:
 - (A) within ten Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Noteholder:
 - (a) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one person only for purposes of the Non-Bank Rules; and
 - (b) irrespective of whether a request is made in accordance with paragraph (i)(A)(a) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss Federal Tax Administration (at the cost of the existing Permitted Non-Qualifying Lender or the proposed Permitted Non-Qualifying Lender), confirming to the Issuer’s satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one person only for purposes of the Non-Bank Rules; and
 - (B) the Issuer, acting reasonably, shall confirm within ten Business Days of notification of all facts (if a request in accordance with paragraph (i)(A)(a) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (i)(A)(b) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth Business Day after receipt hereof or thereof; and
 - (ii) has, simultaneously with becoming a Noteholder, succeeded the existing Permitted Non-Qualifying Lender as “Permitted Non-Qualifying Lender” under all, but not some only, Restricted Notes of the respective Series, and under any and all other existing or future Series of Restricted Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof);

“**Permitted Non-Qualifying Lenders**” means in respect of a Series of Restricted Notes the number of Permitted Non-Qualifying Lenders specified in the applicable Pricing Supplement;

“**Permitted Reorganisation**” means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Issuer or ZIC (where ZIC is not the Issuer) under which:

- (a) the whole or a substantial part of the business, undertaking and assets of the Issuer or, as the case may be, ZIC are transferred to and all the liabilities and obligations of the Issuer or, as the case may be, ZIC are assumed by the new or surviving entity either:

- (i) automatically by operation of applicable law; or
 - (ii) the new or surviving entity assumes all the obligations of the Issuer or, as the case may be, ZIC, under the terms of the Trust Deed, and the Notes and (as the case may be) the ZIC Senior Guarantee, as fully as if (and to the same extent in terms of ranking in a winding-up) it had been named in the Trust Deed and the Notes and (as the case may be) the ZIC Senior Guarantee, in place of the Issuer or, as the case may be, ZIC; and, in either case,
- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to the same regulation and supervision by the same regulatory authority (if any) as the Issuer or (as the case may be) ZIC was subject immediately prior thereto;

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

“**Qualifying Lender**” means a Noteholder which is a Qualifying Bank or a Permitted Non-Qualifying Lender;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Pricing Supplement;

“**Record Date**” means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

“**Reference Banks**”, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

“**Reference Rate**” means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

“**Register**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Registered Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“**Relevant Debt**” means any present or future indebtedness of the Issuer or any other person in the form of, or represented by, bonds, notes, debentures, loan stock or other securities of such Issuer or such other person which are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter or other securities market;

“**Relevant Jurisdiction**” means (i) Luxembourg and Switzerland, in the case of Notes issued by ZF (Luxembourg); (ii) Switzerland, in the case of Notes issued by ZIC; (iii) the United Kingdom and Switzerland, in the case of Notes issued by ZF (UK); (iv) Australia and Switzerland, in the case of Notes issued by ZF (Australia); and (v) the United States of America and Switzerland, in the case of Notes issued by ZHCA;

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

“**Reset Determination Date**” means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

“**Reset Margin**” means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period;

“**Restricted Notes**” means Notes issued in accordance with Conditions 15(a) and 15(b);

“**Senior ZIC Guarantee**” has the meaning given to it in Condition 5 (*Guarantee*);

“**Single Noteholder**” has the meaning given to it in Condition 12(a);

“**SIX Swiss Exchange**” means SIX Swiss Exchange Ltd;

“**Specified Currency**” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“**Specified Maximum Amount**” means the amount specified as such in the applicable Pricing Supplement;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 6(a) and 10(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Substitute Obligor**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**TARGET System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, (A) the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (Taxation) or (B) if a sum in respect of such payment is claimed under the ZIC Senior Guarantee, ZIC would be required to pay Additional Amounts, in each case (A) and (B) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer (in respect of case (A)) or ZIC (in respect of case (B)) taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change (i) in the case of Notes issued by ZF (UK), be treated as a “distribution” within the meaning of the UK Corporation Tax Act 2010 (as amended, re-enacted or replaced) or (ii) not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of redemption pursuant to Condition 7 (*Redemption, Purchase and Options*) by reason of the events above, the delivery to the Trustee by the Issuer or, where ZIC is not the Issuer, ZIC of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer and/or as applicable, the Guarantor has or will become obliged to pay relevant additional amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Ten Non-Bank Rule**” means the rule that the aggregate number of Noteholders under a Series of Restricted Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines;

“**Transfer**” has the meaning given to it in Condition 15(a);

“**Twenty Non-Bank Rule**” means the rule that the aggregate number of the Issuer’s lenders (including Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debentures (*Kassenobligation*), such as intra-group loans (if and to the extent relevant), facilities and/or private placements (including under Restricted Notes and Notes not classified as a taxable bond (*Anleiheobligation*)) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines; and

“**ZIG**” means Zurich Insurance Group Ltd.

(b) **Interest related definitions**

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt

Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 10(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amount or Clean-Up Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 7 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Zurich Insurance Company Ltd (“**ZIC**” or the “**Issuer**”) constituted by an amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented in relation to that Series of Notes as at the Issue Date of the Notes specified in the applicable Pricing Supplement (the “**Issue Date**”) (the “**Trust Deed**”) between the Issuer, Zurich Insurance Group Ltd (“**ZIG**”) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

References in the Conditions to “**Notes**” are to the Subordinated Notes or, as the case may be, the Deeply Subordinated Notes of one Series only, not to all Notes that may be issued under the Programme.

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

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

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

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

1. Form, Denomination and Title

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

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

Each Bearer Note is serially numbered and is issued with Coupons (and, where appropriate, a Talon) attached.

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

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

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

Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

2. Listed Swiss Franc Notes

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

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

3. Status

Condition 3 is governed by, and shall be construed in accordance with, the laws of Switzerland and is irrevocable.

(a) Subordinated Notes

Condition 3(a) applies only to Notes specified as “Subordinated Notes” in the applicable Pricing Supplement.

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (*Nachlassverfahren*) or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3(a)).

As used in these Conditions, in the case of Subordinated Notes:

“**Junior Instruments**” means:

- (i) all Deeply Subordinated Notes;
- (ii) all securities or other obligations of the Issuer ranking or expressed to rank junior to Subordinated Notes of the Issuer; and
- (iii) all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Subordinated Notes; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Subordinated Notes.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes.

For the avoidance of doubt, the obligations of ZIC in relation to Subordinated Notes rank:

- (i) *pari passu with the obligations of ZIC in respect of its €425m 7.5 per cent Subordinated Notes due 2039, its €1,000m 4.25 per cent Subordinated Notes due 2043, its U.S.\$300m 4.25 per cent Subordinated Notes due 2045, its U.S.\$1,000m 5.625 per cent Subordinated Notes due 2046, its €750m 3.5 per cent Subordinated Notes due 2046, its U.S.\$500m 4.875 per cent Subordinated Notes due 2048 and its U.S.\$500m 5.125 per cent Subordinated Notes due 2048 and any future Subordinated Notes issued by ZIC and in respect of its guarantee of the issuance by ZF (UK) of £450m 6.625 per cent Perpetual Subordinated Notes, and any future ZIC Subordinated Guarantee issued by ZIC; and*
- (ii) *senior to the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes, its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes and any future Deeply Subordinated Notes issued by ZIC.*

(b) Deeply Subordinated Notes

Condition 3(b) applies only to Notes specified as “Deeply Subordinated Notes” in the applicable Pricing Supplement.

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligations under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari*

passu, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (*Nachlassverfahren*) or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under *Pari Passu* Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3(b)).

As used in these Conditions, in the case of Deeply Subordinated Notes:

“**Junior Instruments**” means all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Deeply Subordinated Notes; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Deeply Subordinated Notes.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise;
- (iii) all holders of Subordinated Notes and other creditors of the Issuer whose claims rank or are expressed to rank *pari passu* with the claims of the holders of any Subordinated Notes;
- (iv) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Deeply Subordinated Notes.

For the avoidance of doubt, the obligations of ZIC in relation to Deeply Subordinated Notes rank pari passu with the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes and its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes and any future Deeply Subordinated Notes issued by ZIC.

Conditions 3(c) and 3(d) apply to Subordinated Notes and Deeply Subordinated Notes.

(c) No Set-off

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

(d) No Security

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person to secure the claims of the Noteholders under the Notes.

4. Interest and other Calculations

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

(a) Interest Accrual

Subject to Condition 5 (*Deferral of Interest Payments*), each type of Note bears interest on its outstanding principal amount, accruing as follows:

- (i) Fixed Rate Note:
 - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest;
- (ii) Fixed Rate Reset Note:
 - (x) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
 - (y) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
 - (z) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest;

(iii) Floating Rate Note:

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

(iv) Fixed to Floating Rate Note:

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

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

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

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

Such interest shall be payable in arrear on each Interest Payment Date specified in the applicable Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 4(b).

(b) Calculations

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

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

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

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

(i) obtain any quotation or make any determination or calculation;

(ii) determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period;

(iii) calculate the Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price (as may be provided for in the applicable Pricing Supplement);

(iv) obtain such quotation or make such determination or calculation, as the case may be, and;

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

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 10(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee in accordance with these Conditions by way of adjustment) without notice or consent of the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes are not redeemed when due in accordance with Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*), the

accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made, unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

5. Deferral of Interest Payments

(a) *No default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 (*Deferral of Interest Payments*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

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

(b) *Optional Deferral of Interest*

If so specified in the applicable Pricing Supplement, the Issuer shall have the option to defer any Interest Payment which would otherwise be payable on any Optional Interest Payment Date in whole but not in part.

If so specified in the applicable Pricing Supplement (but not otherwise), notwithstanding the other provisions of this Condition 5(b) but without prejudice to Condition 5(c), if as at any Optional Interest Payment Date the Relevant Regulator no longer accords any regulatory capital credit to the Notes under the Applicable Regulations, the Issuer will be allowed to exercise its option under this Condition 5(b) to defer the relevant Interest Payment on such Optional Interest Payment Date for a period not exceeding five years (a “**Fixed Term Deferred Interest Payment**”).

(c) *Solvency Deferral of Interest*

On any Solvency Interest Deferral Date, the Issuer shall defer in whole any Interest Payment which would otherwise be payable.

(d) *Notice of Deferral*

The Issuer shall notify the Trustee, the Issuing and Paying Agent and the Noteholders in writing in accordance with Condition 19 (*Notices*):

- (i) not less than 10 Business Days prior to an Interest Payment Date if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(b); and
- (ii) as soon as reasonably practicable if a Solvency Event has occurred and is continuing or if a Solvency Event would occur on the relevant Interest Payment Date if payment of interest were made, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 5(d)(ii), the Issuer shall also procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

(e) *Arrears of Interest*

(i) *Arrears of Interest*: Any Interest Payment not paid on an Interest Payment Date, together with any other interest on the Notes not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 5 (*Deferral of Interest Payments*), shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.

(ii) *Conditions to Settlement of Arrears of Interest*: Other than in the circumstances described in Condition 9(c), Arrears of Interest arising pursuant to Condition 5(b) or 5(c) and, for the avoidance of doubt, mandatory payments pursuant to Condition 5(e)(iv), are only due and payable provided that no Solvency Event either (A) has occurred and is continuing on the date such payment would otherwise fall due or (B) would occur as a result of such payment and (C) in either case, the Issuer has obtained the prior written consent therefor of the Relevant Regulator to the extent required at the time, in accordance with Applicable Regulations in order for the Notes to qualify as Relevant Capital.

(iii) *Optional Settlement of Arrears of Interest*: Any Arrears of Interest may be paid at the option of the Issuer in whole or in part, at any time upon the expiry of not less than 15 nor more than 30 days’ notice to such effect given by the Issuer to the Trustee and to the Noteholders in accordance with Condition 19 (*Notices*), subject to Condition 5(e)(ii). On or prior to the delivery of any notice pursuant to this Condition 5(e)(iii), the Issuer shall procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

(iv) *Mandatory Settlement of Arrears of Interest*: Subject to Condition 5(e)(ii), Arrears of Interest will, save as otherwise specified in the applicable Pricing Supplement, automatically become immediately due and payable upon the earliest of the following dates:

- (A) the date upon which a dividend is next declared or paid on, or the date of any repurchase or acquisition of, any class of share capital of ZIG (other than an Excepted Event); or
- (B) the date of redemption of any Notes pursuant to Condition 6(b), Condition 6(d), Condition 6(e) or Condition 6(f); or
- (C) the commencement of the winding-up or dissolution of the Issuer (except for the purposes of or pursuant to and followed by an Approved Liquidation); or
- (D) the date upon which the Issuer pays interest on or makes a distribution or other payment (including payment for the purpose of a redemption or repurchase) in relation to any other junior or *pari passu* securities of the Issuer (unless such payment is (i) required to be made pursuant to the terms of such securities or required due to the repayment of the relevant securities or (ii) an Excepted Event); or
- (E) in the case of a Fixed Term Deferred Interest Payment only, the fifth anniversary of the Optional Interest Payment Date on which such payment was deferred; or
- (F) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 5(b) or 5(c).

6. Redemption, Substitution or Variation, Purchase and Options

(a) No Redemption at the Option of Noteholders

Noteholders have no right to claim for an early redemption of the Notes

(b) Redemption at Maturity

(i) *Maturity Date*: Each Note with a Maturity Date specified in the applicable Pricing Supplement will, subject as provided in Condition 6(b)(ii) below, be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date unless previously redeemed or purchased and cancelled as provided below.

(ii) *Maturity extension upon Solvency Event*: If a Solvency Event has occurred and is continuing on the Maturity Date, or would occur as a result of the redemption of the relevant Notes, the Notes shall not be redeemed on the Maturity Date but will be redeemed by the Issuer promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of not more than 30 nor less than 15 days' notice of such cessation by the Issuer to the Trustee and to Noteholders in accordance with Condition 19 (*Notices*). In this circumstance, references herein to "**Maturity Date**" shall be construed accordingly to refer to such later date of redemption and, for the avoidance of doubt, interest shall continue to accrue (without compounding) as provided in Condition 4(a) on any such Note until such later date of redemption.

On or prior to the delivery of any notice pursuant to this Condition 6(b)(ii), the Issuer shall also procure the delivery of a Solvency Event Certificate to the Trustee.

(c) Conditions to Redemption, Substitution, Variation or Purchase

Any redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 6(b)), substitution, variation of the Conditions or purchase, of the Notes is subject to the following conditions:

- (i) the Issuer having obtained the prior written consent therefor of the Relevant Regulator;
- (ii) no Solvency Event having occurred or is continuing and such redemption, substitution, variation or purchase would not itself cause a Solvency Event; and
- (iii) in the case of a redemption or purchase that is within five years of the Issue Date of the first Tranche of the Notes, such redemption or purchase is, to the extent then required by the Relevant Regulator in order for the Notes to qualify as at least Future Tier Two Capital under any Future Regulations, funded out of the proceeds of a new issuance of capital instruments of at least the same quality as the Notes.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) (other than a notice of redemption pursuant to Condition 6(d)), the Issuer shall deliver to the Trustee a Conditions Precedent Certificate.

The Issuer shall give not less than 30 nor more than 60 days' prior notice of any substitution, variation or redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 6(b)) pursuant to this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall, subject to this Condition 6(c), be irrevocable). Upon expiry of such notice, the Issuer shall (subject to this Condition 6(c)) substitute, vary or, as appropriate, redeem the Notes.

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

If Call Option is specified in the applicable Pricing Supplement as being applicable, the Issuer may, at its option, subject to Condition 6(c), redeem all, but not some only, of the Notes on any Optional Redemption Date specified in the applicable Pricing Supplement. Any such redemption of Notes shall be at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

(e) *Redemption Due to Taxation*

If, prior to the giving of the relevant notice of redemption a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 6(c), redeem the Notes in accordance with these Conditions.

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

The Issuer may redeem all, but not some only, of the Notes at their principal amount, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest, provided that no notice of redemption shall be given pursuant to limb (a) in the definition of Tax Event earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay Additional Amounts were a payment in respect of the Notes then due.

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

If Accounting Event Call, Rating Agency Event Call, Regulatory Event Call or Clean-Up Event Call is/are specified in the applicable Pricing Supplement as being applicable, the following provisions shall apply.

If one or more of such events occurs and within the Early Event Call Period, the Issuer gives a notice of redemption and if the relevant event is continuing on the date of such notice, then the Issuer may, subject to Condition 6(c) and as further provided below, redeem in accordance with these Conditions all, but not some only, of the Notes.

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

The Issuer shall not have the right to redeem the Notes following an Accounting Event, Clean-Up Event and/or a Rating Agency Event if such right of redemption would cause a Regulatory Event. The Notes will be redeemed at the Special Event Redemption Price or, as appropriate, Clean-Up Redemption Price specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(g) *Substitution or Variation*

If a Tax Event or any Special Event specified in the applicable Pricing Supplement as being applicable occurs and is continuing, then the Issuer may, subject to Condition 6(c) and as provided below (without any requirement for the consent or approval of the Noteholders), (i) substitute at any time all (and not some only) of the Notes for, or (ii) vary the terms of the Notes so that they become, in each case, Qualifying Securities. The Trustee shall (subject to the following provisions of this Condition 6(g)) agree to such substitution or variation.

The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's sole opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

In addition to the requirements of Condition 6(c), any substitution or variation is subject to:

- (i) the substitution or variation not itself giving rise to a deterioration in any solicited rating of the Notes in effect at such time as confirmed in writing by the Rating Agency/ies; and
- (ii) the substitution or variation not triggering any right on the part of the Issuer to redeem the Notes.

In connection with any substitution or variation in accordance with this Condition 6(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(h) *Purchases*

Subject to Condition 6(c) (and in the case of Restricted Notes, subject to Condition 15(b)), the Issuer, ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) for the time being may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price.

(i) **Cancellation**

All Notes purchased in accordance with Condition 6(h) by or on behalf of the Issuer, ZIG or any of their respective Subsidiaries may (at the option of the Issuer, ZIG or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

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

The Trustee shall not be under any duty to monitor whether any event or circumstance within this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) has happened or exists and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*), it shall be entitled to assume that no such event or circumstance exists.

7. Taxation

(a) **Notes other than Restricted Notes**

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

(b) **Restricted Notes**

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

- (i) presented for payment by or on behalf of a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of that Note by reason of it having some connection with Switzerland other than the mere holding of the Notes;
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to payment of an Additional Amount if it had presented its Note for payment on the 30th day after the Relevant Date, on the assumption, if such is not the case, that such last day is a Business Day;
- (iii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;
- (iv) if the payment could have been made to the relevant Noteholder without such withholding or deduction if it were a Qualifying Lender, but on that date that Noteholder is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Noteholder under these Conditions in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority;
- (v) if the payment could have been made without such withholding or deduction if the Noteholders had complied with Conditions 15(a) and 15(b) (if Condition 15(a) is specified in the applicable Pricing Supplement to apply); or
- (vi) any combination of items (i) to (v) above.

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

8. Principal Loss Absorption

(a) Write-Down Event

This Condition 8 (*Principal Loss Absorption*) shall only apply if Write-Down Event is specified in the applicable Pricing Supplement as being applicable.

Notwithstanding any other provisions contained herein:

- (i) limb (e) of the definition of “Qualifying Securities” shall be deemed to be deleted in its entirety and replaced with the following: “(e) which contain terms providing for loss absorption through principal write-down that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities);” and
- (ii) any substitution or variation otherwise in accordance with Condition 6(g) will be subject to such substitution or variation not itself giving rise to a Write-Down Event and/or triggering a Write-Down of the Notes pursuant to this Condition 8 (*Principal Loss Absorption*) and no Write-Down Event having otherwise occurred.

Notwithstanding any other provisions contained herein, if a Write-Down Event occurs:

- (i) the claims of any Noteholder in respect of, or arising under, the relevant Notes pursuant to Condition 3(a) in respect of Subordinated Notes and Condition 3(b) in respect of Deeply Subordinated Notes will be subject to, and superseded by, the provisions of this Condition 8 (*Principal Loss Absorption*);
- (ii) each Note will cease to bear interest from the Write-Down Date (if any), but without prejudice to any cancellation of such interest in accordance with this Condition 8 (*Principal Loss Absorption*); and
- (iii) any redemption pursuant to Condition 6(b) or notice of redemption pursuant to Conditions 6(d), 6(e) and 6(f) shall be subject to the provisions of this Condition 8 (*Principal Loss Absorption*).

(b) Notice of a Write-Down Event

If a Write-Down Event occurs at any time, the Issuer shall, as soon as reasonably practicable, notify the Relevant Regulator and shall, by no later than the seventh calendar day following the occurrence of the Write-Down Event:

- (i) give notice (a “**Write-Down Notice**”) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders specifying (x) that a Write-Down Event has occurred and that a Write-Down of the Notes will take place, (y) the date on which the Write-Down Event occurred, and (z) the Write-Down Date; and
- (ii) deliver to the Trustee and the Issuing and Paying Agent a certificate (the “**Write-Down Certificate**”) signed by two Authorised Officers of the Issuer, stating that a Write-Down Event has occurred and giving details thereof.

The occurrence of a Write-Down Event in accordance with this Condition 8 (*Principal Loss Absorption*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

(c) Write-Down of the Notes

If the Issuer has validly given the Write-Down Notice and Write-Down Certificate in accordance with Condition 8(b), then on the Write-Down Date the full principal amount of each Note and all accrued but unpaid interest (including any Arrears of Interest) thereon will automatically and permanently be reduced to zero (a “**Write-Down**”, and “**Written-Down**” shall be construed accordingly) and the Notes will be cancelled.

Accordingly, as of the Write-Down Date, Noteholders shall not have any rights against the Issuer with respect to: (i) repayment of the principal amount of the Notes or any part thereof, or (ii) the payment of any other amounts arising under or in connection with the Notes.

Once the principal amount of a Note has been Written-Down, it will not be restored under any circumstances, including where the relevant Write-Down Event ceases to continue.

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

9. Remedies

(a) Right to claim for amounts due; no acceleration right

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

(b) *No institution of winding-up proceedings*

The Trustee may at its discretion (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) participate in, but not itself institute, any proceedings for the winding-up of the Issuer to enforce the obligations of the Issuer for payment of any principal or interest (including any Arrears of Interest) in respect of the Notes.

In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) with respect to the Issuer or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Notes.

(c) *Claims in a winding-up or dissolution*

If, except for the purposes of or pursuant to and followed by an Approved Liquidation, a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved (any such resolution or order, a “**Liquidation Ruling**”) the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are immediately due and repayable at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).

No payment in respect of the Notes may be made by the Issuer pursuant to this Condition 9(c), nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.

(d) *No right to take action directly against the Issuer*

No Noteholder or Couponholder shall be entitled to take any action directly against the Issuer in respect of the Notes unless the Trustee, having become Noteholder Mandated to take such action, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Issuer as those which the Trustee is entitled to exercise.

(e) *Extent of remedy for non-payment*

No remedy against the Issuer, other than as referred to in this Condition 9 (*Remedies*), shall be available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed.

10. Interest Determination and Payment Dates

(a) *Fixed Rate Reset Notes - Fallbacks*

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

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

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

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

(i) *Interest Payment Dates*

Interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified in the applicable Pricing Supplement in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(b). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) *Business Day Convention*

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

(iv) *Linear Interpolation*

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

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

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

(d) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) and the required number of Reference Banks if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). The Issuer may, with the prior written approval of the Trustee (not to be unreasonably withheld), from time to time replace any Reference Bank with another leading investment, merchant or commercial bank or financial institution. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price, as the case may be, or to comply with any other requirement of it hereunder, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or

determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(e) **Benchmark discontinuation**

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

(i) **Independent Adviser**

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

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

(ii) **Successor Rate or Alternative Rate**

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

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

(iii) **Adjustment Spread**

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

(iv) **Benchmark Amendments**

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

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

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

Notwithstanding any other provision of this Condition 10(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Relevant Capital.

(v) *Notices, etc.*

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

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

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

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

(vi) *Survival of Original Reference Rate*

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

(vii) *Definitions:*

As used in this Condition 10(e):

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

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

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

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

“**Benchmark Event**” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

- (4) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (5) it has become unlawful for any Paying Agent, Calculation Agent the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

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

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

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

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

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

11. Payments

(a) *Appointment of Agents*

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

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 11(d).

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

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

(b) *Bearer Notes*

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

(c) *Registered Notes*

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

currency maintained by the payee with a Bank the details of which are given to the Registrar or any Transfer Agent before the Record Date.

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

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents) and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Non-Business Days*

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

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

(g) *Payments on Listed Swiss Franc Notes*

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

(h) *Special Provisions relating to Coupons and Talons*

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unmatured Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unmatured Coupons or any unexchanged Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

12. Meetings of Noteholders, Modification and Waiver

(a) *Single Noteholder*

In relation to any Series of Restricted Notes held by a Single Noteholder, the meeting, quorum and voting provisions of Condition 12(b) and the modification provisions of Condition 12(c) shall not apply. Instead, only those amendments, waivers or variations of the Notes or the Trust Deed agreed in writing by the Single Noteholder and the parties to the Trust Deed will be made.

A “**Single Noteholder**” means a sole Noteholder, who has certified to the Trustee (in a manner and form satisfactory to the Trustee) that it is the sole Noteholder of the Notes of that Series and is not holding such Notes as a depositary for, or nominee of, Euroclear or Clearstream.

(b) **Meetings of Noteholders**

- (i) The provisions of Articles 1157-1186 of the Swiss Code of Obligations will apply to all meetings of holders of Listed Swiss Franc Notes and other Notes issued by way of a public offering within the meaning of Article 1157 of the Swiss Code of Obligations.
- (ii) In relation to any Notes other than those falling within Condition 12(a) or Condition 12(b)(i), the Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Optional Redemption Amount, the Clean-Up Redemption Price, or the Special Event Redemption Price, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Conditions 3 (*Status*), 5 (*Deferral of Interest Payments*) or 6 (*Redemption, Substitution or Variation, Purchase and Options*), in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6(g) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6(g). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 10(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(c) **Modification of the Trust Deed or Agency Agreement**

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

13. Issuer Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 13 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner

satisfactory to the Trustee in terms corresponding to the terms of Condition 7 (*Taxation*) with the substitution for the references in that Condition to the Issuer's Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;

- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (on a subordinated basis equivalent to that referred to in Condition 3(a) in the case of Subordinated Notes, or Condition 3(b), in the case of Deeply Subordinated Notes) in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor.

In connection with any such substitution in accordance with this Condition 13 (*Issuer Substitution*), references in the definition "Tax Law Change" to Switzerland shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 7 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words "becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series" in the definition "Tax Law Change" shall be replaced with the words "becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 7 (*Taxation*) was given pursuant to the Trust Deed").

Any substitution pursuant to this Condition 13 (*Issuer Substitution*) shall be, if so required, subject to notification thereof to, and consent therefor from, the Relevant Regulator. Any such agreement by the Trustee pursuant to this Condition 13 (*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

14. The Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 12 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any Solvency Payment Deferral Certificate, Solvency Event Certificate, Conditions Precedent Certificate, Write Down Certificate and any other opinion, certificate or written confirmation as contemplated in the definition of, as appropriate, Accounting Event, Clean-Up Event or Tax Event or otherwise given pursuant to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

Neither the Trustee nor the Agents shall have any responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment, cancellation or reduction of principal, interest or other amounts or any claims in respect thereof by reason of the occurrence of a Write-Down Event (if applicable).

For the avoidance of doubt, notwithstanding the occurrence of a Write-Down Event (if applicable), nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

15. Restricted Notes

(a) Restrictions on Transfer of Restricted Notes

(i) If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(a) shall apply and the Restricted Notes will be issued as Registered Notes and may only be assigned or transferred, including upon an enforcement of a security (a "Transfer" and "Transferred" shall be construed accordingly):

- (a) in whole or in part, if the Transfer is to a Qualifying Bank; or

- (b) in whole, but not in part (except for parts of Restricted Notes held by Qualifying Banks at the time), if the Transfer is to a Permitted Non-Qualifying Lender,

provided that no Transfer under this Condition 15(a) may result in more Permitted Non-Qualifying Lenders being Noteholders than as specified in the applicable Pricing Supplement.

The Restricted Notes will bear a legend setting out the applicable transfer restrictions provided for in this Condition 15(a).

- (ii) A Noteholder may at any time require that the Issuer replaces such Noteholder's Certificate(s) representing the Restricted Notes with Certificates in minimum denominations equal to the Restricted Note Minimum Denomination Amount specified in the applicable Pricing Supplement.
- (iii) Restricted Notes may only be Transferred in amounts equal to the Restricted Note Transfer Amount specified in the applicable Pricing Supplement.
- (iv) Any Transfer of a Restricted Note shall be recorded by the Registrar in the Register on production of:
 - (a) the relevant Certificate representing the Restricted Note and certification delivered to the Registrar by the transferee to the effect that it is either a Qualifying Bank or a Permitted Non-Qualifying Lender; and
 - (b) such other evidence as the Issuer may require.

Any Transfer of a Restricted Note shall only be effective and shall only be recorded by the Registrar in the Register if such Restricted Note is transferred in accordance with this Condition 15(a).

- (v) Subject to this Condition 15(a), no Noteholder shall at any time enter into any arrangement with another person under which such Noteholder transfers all or part of its interest in the Restricted Notes to that other person, unless under such arrangement throughout the life of such arrangement:
 - (a) the relationship between the Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of that Noteholder or the Issuer);
 - (b) the other person will have no proprietary interest in the benefit of the Restricted Notes or in any monies received by the Noteholder under or in relation to the Restricted Notes held by that Noteholder; and
 - (c) the other person will under no circumstances (other than by way of permitted Transfer under this Condition 15(a)) be subrogated to, or substituted in respect of, the Noteholder's claims under its Restricted Notes and otherwise have a contractual relationship with, or rights against, the Issuer under or in relation to, the Restricted Notes.

The granting of security in accordance with Condition 15(b) is deemed not to constitute a Transfer of an interest under the Restricted Notes for the purposes of this Condition 15(a).

- (vi) For so long as Restricted Notes are outstanding, the Issuer will ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this undertaking if either of the Non-Bank Rules are exceeded solely by the failure by one or more Noteholders to comply with the limitations set out in this Condition 15(a) or in Condition 15(b).

(b) Grants of Security

If the Notes are specified in the applicable Pricing Supplement as Restricted Notes (but not otherwise), the provisions of this Condition 15(b) shall apply. Any Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Restricted Notes to secure obligations of such Noteholder; provided that:

- (i) no such charge or creation of a security interest shall:
 - (a) substitute any such chargee or holder of the benefit of such security interest for such Noteholder as Noteholder except in accordance with the provisions of Condition 15(a); or
 - (b) require any payments to be made by the Issuer other than as required by the Restricted Notes. A copy of any notice of charge or creation of security interest as envisaged in this paragraph shall be delivered to the Issuing and Paying Agent and the Issuing and Paying Agent shall not be obliged to take any action in regard to such notice; and
- (ii) such charge or security interest shall in each case provide that on any assignment or transfer of the interest in the Restricted Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 15(a); and
- (iii) the Noteholder promptly notifies the Registrar of any such charge or security interest and the secured party's identity and status by delivering to the Registrar a notification to such effect.

16. Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(b) Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement and, in the case of Restricted Notes, Condition 15 (*Restricted Notes*). The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfer Free of Charge

Transfer of Notes and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date or (v) during the period following delivery of a notice of payment of Arrears of Interest in accordance with Condition 5 (*Deferral of Payments*) and Condition 19 (*Notices*) and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

17. Replacement of Notes, Certificates, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. Notices

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer’s website; for so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address www.six-swiss-exchange.com/news/official_notices.html) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the Financial Times) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

20. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

22. Governing Law

- (a) The Trust Deed (other than the provisions therein relating to subordination, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes (other than Condition 3, which shall be governed by, and construed in accordance with, the laws of Switzerland) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) The Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes may be brought in such courts.
- (c) The Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any court referred to in paragraph (b) above or paragraph (d) below or that any such court is an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) The Issuer has appointed Zurich Insurance plc, UK branch at its registered office for the time being as its agent for service of process in respect of any Proceedings in England and has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.

23. Definitions and Interpretation

(a) General definitions

“**Accounting Event**” means that an opinion of a recognised accounting firm has been delivered to the Issuer or ZIG, stating that obligations of the Issuer in respect of the Notes must not, or must no longer be, recorded under the Initial Accounting Treatment Methodology specified in the applicable Pricing Supplement (either “liabilities” or “equity”), (being the presentation of the Notes under IFRS as at the Issue Date) on the balance sheet of ZIG published in its annual consolidated financial statements pursuant to IFRS and this cannot be avoided by the Issuer or, as the case may be, ZIG taking such reasonable measures as the Issuer or ZIG (acting in good faith) deems appropriate and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 6 (Redemption, Substitution or Variation, Purchase and Options) by reason of such event, the delivery by the Issuer to the Trustee of such opinion;

“**Additional Amounts**” has the meaning given to it in Condition 7 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Applicable Regulations**” means, at any time, the solvency margin, regulatory capital requirements or capital adequacy regulations applicable to the Issuer and/or the Zurich Insurance Group at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency and/or financial conglomerate purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of the Relevant Regulator and shall include, once introduced and so long as applicable, any Future Regulations;

“**Approved Liquidation**” means a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of the Issuer, the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders;

“**Arrears of Interest**” has the meaning given to it in Condition 5 (*Deferral of Payments*);

“**Assets**” means, in relation to ZIC, ZIC’s consolidated total assets and, in relation to the Zurich Insurance Group, ZIG’s consolidated total assets, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer and/or ZIG, as applicable;

“**Bank**” has the meaning given to it in Condition 11(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Conditions Precedent Certificate**” means a certificate signed by two Authorised Officers of the Issuer stating that (x) the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary, including the conditions set out in Condition 6(c), are satisfied and (y) in the case of a substitution or variation, that the terms of the relevant Qualifying Securities comply with the definition thereof in Condition 23 (*Definitions and Interpretations*);

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Special Event or Clean-Up Event, as applicable, to (and including) the date which is the later of (i) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement) and (ii) having sought such consent within such period, the date on which written consent of the Relevant Regulator is obtained for the giving of such notice and redemption;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Excepted Event**” means one or more of the following events:

- (a) repurchases, redemptions or other acquisitions of ZIG’s ordinary shares in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of one or more employees, officers, directors or consultants, in connection with a dividend reinvestment or shareholder stock purchase plan or in connection with the issuance of ZIG’s ordinary shares (or securities convertible into or exercisable for ZIG’s ordinary shares) as consideration in an acquisition transaction entered into prior to the applicable deferral period;
- (b) as a result of any exchange or conversion of any class or series of ZIG’s ordinary shares (or any capital stock of any of its subsidiaries) for any class or series of common stock or of any class or series of its indebtedness (or for the indebtedness of any of its subsidiaries);
- (c) the aggregate amount of Junior and Pari Passu Payments during the six month period ending on the relevant Interest Payment Date does not exceed US\$10,000,000 (or its equivalent);
- (d) any declaration of a dividend in connection with any shareholders’ rights plan, or the issuance of rights, stock or other property under any shareholders’ rights plan, or the redemption or repurchase of rights pursuant thereto;

- (e) any dividend or distribution in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock; or
- (f) payments of interest on any Notes and any other obligations which rank *pari passu* with:
 - (i) if this is a Subordinated Note, the Subordinated Notes; or
 - (ii) if this is a Deeply Subordinated Note, the Deeply Subordinated Notes,in each case, rateably and in proportion to the respective amounts as at such Interest Payment Date of (y) accrued and unpaid interest on such other obligations, on the one hand, and (z) if applicable, Arrears of Interest and any other accrued and unpaid interest on the Notes, on the other hand;

“**FATCA Withholding**” has the meaning given to it in Condition 11(e);

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

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 4(a) and 10(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Fixed Term Deferred Interest Payment**” has the meaning given to it in Condition 5(b);

“**Future Regulations**” means the solvency margin, regulatory capital or capital adequacy regulations (if any) which may be introduced in Switzerland (or if ZIC and/or ZIG becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or Zurich Insurance Group, which would set out the requirements to be satisfied by financial instruments in order that they be eligible to be included in Tier Two (or equivalent) own funds regulatory capital (“**Future Tier Two Capital**”);

“**Guidelines**” means, together, the guideline “Interbank Loans” of 22 September 1986 (S-02.123) (*Merkblatt “Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben)” vom 22. September 1986*); the guideline “Bonds” of April 1999 (S 02.122.1) (*Merkblatt “Obligationen” vom April 1999*); the guideline “Syndicated Loans” of January 2000 (S-02.128) (*Merkblatt “Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen” vom January 2000*); the circular letter No. 15 (1-015-DVS-2017) of 3 October 2017 in relation to bonds and derivative financial instruments as subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 “Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben” vom 3 Oktober 2017*) and the circular letter “Deposits” of 26 July 2011 (1-034-V-2011) (*Kreisschreiben Kundenguthaben vom 26. Juli 2011*), each as issued, and as amended from time to time, by the Swiss federal tax authorities;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 10(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**ISO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended;

“**Junior and Pari Passu Payments**” has the meaning given to it in the definition of “Optional Interest Payment Date”;

“**Junior Instruments**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Liabilities**” means, in relation to ZIC, ZIC’s consolidated total liabilities and, in relation to the Zurich Insurance Group, ZIG’s consolidated total liabilities, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Liquidation Ruling**” has the meaning given to it in Clause 9(c);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
 - (i) with a term equal to the relevant Reset Period; and
 - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or
- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
 - (i) with a term equal to the relevant Reset Period; and
 - (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Non-Bank Rules**” means the Ten Non-Bank Rule and the Twenty Non-Bank Rule;

“**Noteholder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon (a) no dividend has been declared or paid on any class of share capital of ZIG; (b) no repurchase or acquisition of any class of share capital of ZIG has been made; and (c) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (i) on any securities issued (or guaranteed) by ZIC and the claims in respect of such securities (or, as applicable, guarantee) rank junior to, or *pari passu* with, the claims of holders of the Subordinated Notes, if this is a Subordinated Note, or Deeply Subordinated Notes, if this is a Deeply Subordinated Note; or (ii) on any securities issued or guaranteed by ZIG (any such payments in (a), (b) and (c) together, “**Junior and Pari Passu Payments**”) (provided at the relevant time the existence of this requirement (c) does not cause a Regulatory Event); (unless, in each case, such payment was (i) required to be made pursuant to the terms of such securities or required due to the repayment of such securities or (ii) an Excepted Event);

“**Pari Passu Instruments**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Permitted Non-Qualifying Lender**” means, in respect of a Series of Restricted Notes, a person or entity which is not a Qualifying Bank on the date it becomes a Noteholder and:

- (a) is initially a Permitted Non-Qualifying Lender (if any) specified thereon (for so long as that Permitted Non-Qualifying Lender continues to be a Noteholder in accordance with these Conditions); or
- (b) is a successor of an initial Permitted Non-Qualifying Lender, or any subsequent successor thereof, by way of Transfer (as defined in Condition 15(a)) of all but not some only the Restricted Notes held by such initial Permitted Non-Qualifying Lender, or such subsequent successor thereof (for so long as that successor continues to be a Noteholder in accordance with the Conditions), which:
 - (i) has prior to its becoming a Noteholder, satisfied all obligations to be fulfilled by a proposed Permitted Non-Qualifying Lender in accordance with Condition 15(a)), provided that:
 - (A) within ten Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Noteholder:
 - (a) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one person only for purposes of the Non-Bank Rules; and
 - (b) irrespective of whether a request is made in accordance with paragraph (i)(A)(a) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss Federal Tax Administration (at the cost of the existing Permitted Non-Qualifying Lender or the proposed Permitted Non-Qualifying Lender), confirming to the Issuer's satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one person only for purposes of the Non-Bank Rules; and
 - (B) the Issuer, acting reasonably, shall confirm within ten Business Days of notification of all facts (if a request in accordance with paragraph (i)(A)(a) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (i)(A)(b) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth Business Day after receipt hereof or thereof; and
 - (ii) has, simultaneously with becoming a Noteholder, succeeded the existing Permitted Non-Qualifying Lender as "Permitted Non-Qualifying Lender" under all, but not some only, Restricted Notes of the respective Series, and under any and all other existing or future Series of Restricted Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof);

"Permitted Non-Qualifying Lenders" means in respect of a Series of Restricted Notes the number of Permitted Non-Qualifying Lenders specified in the applicable Pricing Supplement;

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

"Qualifying Lender" means a Noteholder which is a Qualifying Bank or a Permitted Non-Qualifying Lender;

"Qualifying Securities" means securities:

- (a) having terms (including terms providing for deferral of payment of interest and/or principal and which preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any other amounts which have not been paid) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (b) issued by the Issuer or issued by another member of the Zurich Insurance Group with a guarantee by the Issuer such that investors have the same material rights and claims as provided by the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (c) ranking at least equal to the Notes and featuring the same principal amount, interest rate (including applicable margins and step-up), Interest Payment Dates and Optional Redemption Dates as the Notes; and
- (d) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of and amounts payable on, such redemption; and

- (e) which do not contain any terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (f) listed on an internationally recognised stock exchange, if the Notes were listed prior to such substitution or variation; and
- (g) in the case of a substitution or variation as a result of a Rating Agency Event, which are assigned substantially the same equity content, or at the absolute discretion of the Issuer a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Agency Event), than was assigned by the Rating Agency/ies to the Notes on or around the Issue Date and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the applicable Pricing Supplement;

“**Rating Agency/ies**” means, at any time, the rating organisation(s) who have, at the request of the Issuer, given published ratings of the Notes at such time;

“**Rating Agency Event**” means a change by any Rating Agency to its equity credit criteria, or the interpretation or application thereof, for securities such as the Notes, as such criteria are in effect on the Issue Date (the “**current criteria**”), which results in a lower equity credit being given to the Notes as of the date of such change by such Rating Agency as compared with the equity credit assigned to the Notes pursuant to its current criteria and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event;

“**Record Date**” means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

“**Reference Banks**”, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

“**Reference Rate**” means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

“**Register**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Registered Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Regulatory Event**” means the occurrence of any of the following events, which occurrence (i) cannot be avoided by the Issuer or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate or (ii) is not reasonably foreseeable as at the Issue Date of the first Tranche of the Notes of the relevant Series (or in the case of a redomiciliation of ZIC and/or ZIG, at the time of such decision to redomicile):

- (a) prior to the implementation of any Future Regulations, the Relevant Regulator states that less than the entire principal amount of the Notes is now eligible to qualify as at least (i) lower additional capital (in the case of Notes which have a Maturity Date) or (ii) upper additional capital (in the case of Notes which do not have a Maturity Date)) pursuant to Art. 49 of the ISO in connection with Art. 22a of the ISO for group or solo solvency purposes; or
- (b) with effect from (and including) the implementation of any Future Regulations, less than the entire principal amount of the Notes qualify as at least Future Tier Two Capital under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Notes is only as a result of (i) any applicable limitation on the amount of such capital or, (ii) in the case of Notes with a Maturity Date, only as a result of any amortisation of the capital recognition of the Notes in accordance with the Applicable Regulations in force at the Issue Date of the first tranche of Notes of the relevant Series in the years prior to its redemption, in either case of (i) or (ii), all in accordance with the Applicable Regulations;

“**Relevant Capital**” means lower additional capital (in the case of Notes which have a Maturity Date) or upper additional capital in the case of Notes which do not have a Maturity Date or, following the implementation of any Future Regulations, Future Tier Two Capital;

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon

further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“**Relevant Regulator**” means FINMA or any domestic or foreign successor to FINMA or any entity, that otherwise has primary supervisory authority over ZIC and/or ZIG and/or the Zurich Insurance Group;

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

“**Reset Determination Date**” means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

“**Reset Margin**” means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period;

“**Restricted Notes**” means Notes issued in accordance with Conditions 15(a) and 15(b);

“**Senior Creditors**” for the purposes of the Subordinated Notes has the meaning given to it in Condition 3(a) and for the purposes of the Deeply Subordinated Notes has the meaning given to it in Condition 3(b);

“**Senior Ranking Creditors**” means:

- (a) in relation to ZIC or ZIG, all unsubordinated creditors of such entity, including policyholders (and beneficiaries of a policy) of such entity and all creditors of such entity whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; or
- (b) in relation to ZIC only, all other subordinated creditors of such entity except those whose claims arise in respect of Junior or Pari Passu Securities;

“**Single Noteholder**” has the meaning given to it in Condition 12(a);

“**SIS**” has the meaning given to it in Condition 2 (*Listed Swiss Franc Notes*);

“**SIX Swiss Exchange**” means SIX Swiss Exchange Ltd;

a “**Solvency Event**” shall be deemed to have occurred (unless exceptionally waived by the Relevant Regulator in the circumstances permitted under the Applicable Regulations) as at any date if as at such date:

- (a) the Issuer and/or the Zurich Insurance Group does not have appropriate funds to cover (as applicable) its required solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations; or
- (b) ZIC and/or ZIG has reasonable grounds for concern that it is unable to pay its debts owed to its, or their respective, Senior Ranking Creditors as they fall due; or
- (c) the Assets of ZIC and/or the Zurich Insurance Group do not exceed its, or their respective, Liabilities; or
- (d) any other event has occurred which, under the Applicable Regulations, in order for the Notes to continue to qualify as Relevant Capital, would require payment of principal or interest, as applicable, on the Notes to be deferred; or
- (e) the Relevant Regulator has given notice to the Issuer and/or ZIG (in the case of the Zurich Insurance Group), that it has determined that in accordance with the Applicable Regulations at such time, action must be taken in relation to payments on subordinated notes, including the Notes;

“**Solvency Event Certificate**” means a certificate signed by two Authorised Officers of the Issuer (or where applicable ZIG) confirming the occurrence and/or continuation of a Solvency Event to the Trustee;

“**Solvency Interest Deferral Date**” means each Interest Payment Date in respect of which a Solvency Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

“**Solvency Payment Deferral Certificate**” means a certificate signed by two Authorised Officers of the Issuer or where applicable ZIG confirming that (i) a Solvency Event has occurred and is continuing, or would occur if payment of interest on the Notes were made or (ii) a Solvency Event has ceased to occur and/or payment of interest or Arrears of Interest on the Notes would not result in a Solvency Event occurring;

“**Special Event**” means any of an Accounting Event, a Rating Agency Event or a Regulatory Event or any combination of the foregoing;

“**Specified Currency**” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 4(a) and 10(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Substitute Obligor**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 13 (*Issuer Substitution*);

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

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of substitution, variation or redemption pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of either of the events above, the delivery to the Trustee by the Issuer of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer has or will become obliged to pay relevant Additional Amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Ten Non-Bank Rule**” means the rule that the aggregate number of Noteholders under a Series of Restricted Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines;

“**Transfer**” has the meaning given to it in Condition 15(a);

“**Twenty Non-Bank Rule**” means the rule that the aggregate number of the Issuer’s lenders (including Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debentures (*Kassenobligation*), such as intra-group loans, facilities and/or private placements (including under Restricted Notes and Notes not classified as a taxable bond (*Anleihensobligation*)) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines;

“**Write-Down**” and “**Written-Down**” has the meaning given to it in Condition 8(c);

“**Write-Down Certificate**” has the meaning given to it in Condition 8(b);

“**Write-Down Date**” means the date specified as such in the Write-Down Notice on which the Notes will be Written-Down, which date shall be no less than one and no more than seven calendar days after the date of delivery of the relevant Write-Down Notice;

“**Write-Down Event**” shall bear the meaning specified in the applicable Pricing Supplement;

“**Write-Down Notice**” has the meaning given to it in Condition 8(b);

“**ZIG**” means Zurich Insurance Group Ltd; and

“**Zurich Insurance Group**” means ZIG together with all of its subsidiaries.

(b) *Interest related definitions*

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for

settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ D_1 ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“ D_2 ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 10(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates, which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Substitution or Variation, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

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

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

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

Subordinated Notes issued by ZF (Luxembourg), ZF (UK) and ZF (Australia) will benefit from a ZIC Subordinated Guarantee (as defined in Condition 4 (ZIC Subordinated *Guarantee*)).

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates for Registered Notes, Coupons and Talons referred to below. An Agency Agreement dated 22 May 2018 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between, *inter alios* the Issuers, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. In the case of Listed Swiss Franc Notes, references herein to the “Agency Agreement” shall also extend to the agreement referred to in Condition 12(g) which supplements the Agency Agreement. Copies of the Trust Deed and the Agency Agreement and any ZIC Subordinated Guarantee are available for inspection during usual business hours and upon reasonable notice at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

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

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

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

1. Form, Denomination and Title

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

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

Each Bearer Note is serially numbered and is issued with Coupons (and, where appropriate, a Talon) attached.

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

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

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

Title to the Bearer Notes shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”) and as further described in Condition 16 (*Transfers of Registered Notes*).

2. **Listed Swiss Franc Notes**

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

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

3. **Status**

Condition 3 (*Status*) is governed by, and shall be construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes and is irrevocable.

(a) **Subordination of the Notes**

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. Claims of Noteholders under the Notes rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition or other similar proceedings of the Issuer after the claims of any Senior Creditors, *pari passu* with the claims under Pari Passu Instruments and prior to the claims under Junior Instruments (each as defined below in this Condition 3 (*Status*)).

As used in these Conditions:

“**Junior Instruments**” means:

- (i) all securities or other obligations of the Issuer ranking or expressed to rank junior to Subordinated Notes of the Issuer; and
- (ii) all classes of issued shares in the share capital of the Issuer.

“**Pari Passu Instruments**” means:

- (i) all other Subordinated Notes of the Issuer; and
- (ii) all other securities or other obligations of the Issuer ranking or expressed to rank *pari passu* with Subordinated Notes of the Issuer.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Issuer, including policyholders (and beneficiaries of a policy) of the Issuer;
- (ii) all creditors of the Issuer whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Issuer except those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes of the Issuer.

(b) **No Set-off**

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

(c) **No Security**

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person to secure the claims of the Noteholders under the Notes.

4. **ZIC Subordinated Guarantee**

Pursuant to a guarantee agreement in the form set out in Schedule 5 to the Trust Deed dated the Issue Date (the “**ZIC Subordinated Guarantee**”), the Guarantor has irrevocably guaranteed, on a subordinated basis and up to the Specified Maximum Amount calculated in accordance with the provisions of the ZIC Subordinated Guarantee and as specified in the applicable Pricing Supplement, the payment of principal and interest on the Notes which falls due for payment in accordance with these Conditions (together with any Additional Amounts payable under Condition 8 (*Taxation*) and all other moneys payable under the Trust Deed but without prejudice to Condition 6 (*Deferral of Interest Payments*)),

Condition 7(b)(ii) and the deferral of payment in the circumstances specified in the ZIC Subordinated Guarantee) (for further information see Clause 1(1)(b) of the section entitled “Form of ZIC Subordinated Guarantee” on page 156 of the Base Prospectus).

Claims of Noteholders under the ZIC Subordinated Guarantee rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution with liquidation, bankruptcy, composition (Nachlassverfahren) or other similar proceedings of the Guarantor on a subordinated basis as specified in Clause 1(1)(a) of the ZIC Subordinated Guarantee (for further information see Clause 1(1)(a) of the section entitled “Form of ZIC Subordinated Guarantee” on page 156 of the Base Prospectus).

Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Guarantor arising under or in connection with the ZIC Subordinated Guarantee, and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.

The ZIC Subordinated Guarantee shall be governed by, and construed in accordance with, the substantive laws of Switzerland.

For the avoidance of doubt, the obligations of ZIC under the ZIC Subordinated Guarantee rank:

- (i) *pari passu with the obligations of ZIC in respect of its €425m 7.5 per cent Subordinated Notes due 2039, its €1,000m 4.25 per cent Subordinated Notes due 2043, its U.S.\$300m 4.25 per cent Subordinated Notes due 2045, its U.S.\$1,000m 5.625 per cent Subordinated Notes due 2046, its €750m 3.5 per cent Subordinated Notes due 2046, its U.S.\$500m 4.875 per cent Subordinated Notes due 2048 and its U.S.\$500m 5.125 per cent Subordinated Notes due 2048 and in respect of its guarantee of the issuance by ZF (UK) of £450m 6.625 per cent Perpetual Subordinated Notes, and any future Subordinated Notes guaranteed by ZIC; and*
- (ii) *senior to the obligations of ZIC in respect of its CHF200m 2.75 per cent Perpetual Capital Notes, its CHF225m 2.75 per cent Perpetual Capital Notes, its U.S.\$1,000m 4.75 per cent Perpetual Capital Notes.*

5. Interest and other Calculations

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Fixed to Floating Rate Note or a combination of the foregoing (and each as further described below and in Condition 11 (*Interest Determination and Payment Dates*)), depending upon the Interest Basis specified in the applicable Pricing Supplement.

(a) Interest Accrual

Subject to Condition 6 (*Deferral of Interest Payments*), each type of Note bears interest on its outstanding principal amount, accruing as follows:

- (i) Fixed Rate Note:
 - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest;
- (ii) Fixed Rate Reset Note:
 - (x) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
 - (y) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
 - (z) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest;
- (iii) Floating Rate Note:
 - from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 11(b);
- (iv) Fixed to Floating Rate Note:
 - (x) from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest; and
 - (y) from (and including) the Fixed Rate End Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest as further set out in Condition 11(b).

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

If any Margin is specified in the applicable Pricing Supplement (either (A) generally or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for

the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 11(b) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to Condition 11(c).

Such interest shall be payable in arrear on each Interest Payment Date specified in the applicable Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 5(b).

(b) Calculations

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

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

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

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

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

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 11(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee in accordance with these Conditions by way of adjustment) without notice or consent of the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes are not redeemed when due in accordance with Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made, unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

6. Deferral of Interest Payments

(a) No default

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 6 (Deferral of Interest Payments) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Trust Deed or the ZIC Subordinated Guarantee.

(b) Optional Deferral of Interest

If so specified in the applicable Pricing Supplement, the Issuer shall have the option to defer any Interest Payment which would otherwise be payable on any Optional Interest Payment Date in whole but not in part.

If so specified in the applicable Pricing Supplement (but not otherwise), notwithstanding the other provisions of this Condition 6(b) but without prejudice to Condition 6(c), if as at any Optional Interest Payment Date the Relevant Regulator no longer accords any regulatory capital credit to the Notes under the Applicable Regulations, the Issuer will be allowed to exercise its option under this Condition 6(b) to defer the relevant Interest Payment on such Optional Interest Payment Date for a period not exceeding five years (a “**Fixed Term Deferred Interest Payment**”).

(c) ***Solvency Deferral of Interest***

On any Solvency Interest Deferral Date, the Issuer shall defer in whole any Interest Payment which would otherwise be payable.

(d) ***Notice of Deferral***

The Issuer or ZIC shall notify the Trustee, the Issuing and Paying Agent and the Noteholders in writing in accordance with Condition 19 (*Notices*):

- (i) not less than 10 Business Days prior to an Interest Payment Date if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 6(b); and
- (ii) as soon as reasonably practicable if a Solvency Event has occurred and is continuing, or if a Solvency Event would occur on the relevant Interest Payment Date if payment of interest were made, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 6(d)(ii), the Issuer or ZIC shall also procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.

(e) ***Arrears of Interest***

- (i) *Arrears of Interest*: Any Interest Payment not paid on an Interest Payment Date, together with any other interest on the Notes not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 6 (*Deferral of Interest Payments*), shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.
- (ii) *Conditions to Settlement of Arrears of Interest*: Other than in the circumstances described in Condition 10(c), Arrears of Interest arising pursuant to Condition 6(b) or 6(c) and, for the avoidance of doubt, mandatory payments pursuant to Condition 6(e)(iv), are only due and payable provided that no Solvency Event either (A) has occurred and is continuing on the date such payment would otherwise fall due or (B) would occur as a result of such payment and (C) in either case, the Issuer or ZIC has obtained the prior written consent therefor of the Relevant Regulator to the extent required at the time, in accordance with Applicable Regulations in order for the Notes to qualify as Relevant Capital.
- (iii) *Optional Settlement of Arrears of Interest*: Any Arrears of Interest may be paid at the option of the Issuer in whole or in part, at any time upon the expiry of not less than 15 nor more than 30 days’ notice to such effect given by the Issuer or ZIC to the Trustee and to the Noteholders in accordance with Condition 19 (*Notices*), subject to Condition 6(e)(ii). On or prior to the delivery of any notice pursuant to this Condition 6(e)(iii), the Issuer or ZIC shall procure the delivery of a Solvency Payment Deferral Certificate to the Trustee.
- (iv) *Mandatory Settlement of Arrears of Interest*: Subject to Condition 6(e)(ii) above, Arrears of Interest will, save as otherwise specified in the applicable Pricing Supplement, automatically become immediately due and payable upon the earliest of the following dates:
 - (A) the date upon which a dividend is next declared or paid on, or the date of any repurchase or acquisition of, any class of share capital of ZIG (other than an Excepted Event); or
 - (B) the date of redemption of any Notes pursuant to Condition 7(b), Condition 7(d), Condition 7(e) or Condition 7(f); or
 - (C) the commencement of the winding-up or dissolution of the Issuer or, as the case may be, ZIC (except for the purposes of or pursuant to and followed by an Approved Liquidation); or
 - (D) the date upon which a Junior or Pari Passu Interest Payment is made or upon which a distribution or other payment (including payment for the purpose of a redemption or repurchase) in relation to the relevant securities is made (unless such payment is (i) required to be made pursuant to the terms of the relevant securities or required due to the repayment of such securities or (ii) an Excepted Event); or
 - (E) in the case of a Fixed Term Deferred Interest Payment only, the fifth anniversary of the Optional Interest Payment Date on which such payment was deferred; or
 - (F) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 6(b) or 6(c).

7. Redemption, Substitution or Variation, Purchase and Options

(a) No Redemption at the Option of Noteholders

Noteholders have no right to claim for an early redemption of the Notes.

(b) Redemption at Maturity

- (i) *Maturity Date*: Each Note with a Maturity Date specified in the applicable Pricing Supplement will, subject as provided in Condition 7(b)(ii) below, be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date unless previously redeemed or purchased and cancelled as provided below.
- (ii) *Maturity extension upon Solvency Event*: If a Solvency Event has occurred and is continuing on the Maturity Date, or would occur as a result of the redemption of the relevant Notes, the Notes shall not be redeemed on the Maturity Date but will be redeemed by the Issuer promptly following such Solvency Event ceasing to occur (taking into account the relevant redemption) and the giving of not more than 30 nor less than 15 days' notice of such cessation by the Issuer to the Trustee and to Noteholders in accordance with Condition 19 (*Notices*). In this circumstance, references herein to "**Maturity Date**" shall be construed accordingly to refer to such later date of redemption and, for the avoidance of doubt, interest shall continue to accrue (without compounding) as provided in Condition 5(a) on any such Note until such later date of redemption.

On or prior to the delivery of any notice pursuant to this Condition 7(b)(ii), the Issuer or ZIC shall also procure the delivery of a Solvency Event Certificate to the Trustee.

(c) Conditions to Redemption, Substitution, Variation or Purchase

Any redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 7(b)), substitution, variation of the Conditions or purchase, of the Notes is subject to the following conditions:

- (i) the Issuer or ZIC having obtained the prior written consent therefor of the Relevant Regulator;
- (ii) no Solvency Event having occurred or is continuing and such redemption, substitution, variation or purchase would not itself cause a Solvency Event; and
- (iii) in the case of a redemption or purchase that is within five years of the Issue Date of the first Tranche of the Notes, such redemption or purchase is, to the extent then required by the Relevant Regulator in order for the Notes to qualify as at least Future Tier Two Capital under any Future Regulations, funded out of the proceeds of a new issuance of capital instruments of at least the same quality as the Notes.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) (other than a notice of redemption pursuant to Condition 7(d)), the Issuer or ZIC shall deliver to the Trustee a Conditions Precedent Certificate.

The Issuer shall give not less than 30 nor more than 60 days' prior notice of any substitution, variation or redemption (other than a redemption on the Maturity Date (if any) pursuant to Condition 7(b)) pursuant to this Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall, subject to this Condition 7(c), be irrevocable). Upon expiry of such notice, the Issuer shall (subject to this Condition 7(c)) substitute, vary or, as appropriate, redeem the Notes.

(d) Redemption at the Option of the Issuer

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

(e) Redemption Due to Taxation

If, prior to the giving of the relevant notice of redemption a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 7(c), redeem the Notes in accordance with these Conditions.

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

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

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

If Accounting Event Call, Rating Agency Event Call, Regulatory Event Call or Clean-Up Event Call is/are specified in the applicable Pricing Supplement as being applicable, the following provisions shall apply.

If one or more of such events occurs and within the Early Event Call Period, the Issuer gives a notice of redemption and if the relevant event is continuing on the date of such notice, then the Issuer may, subject to Condition 7(c) and as further provided below, redeem in accordance with these Conditions all, but not some only, of the Notes.

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

The Issuer shall not have the right to redeem the Notes following an Accounting Event, Clean-Up Event and/or a Rating Agency Event if such right of redemption would cause a Regulatory Event. The Notes will be redeemed at the Special Event Redemption Price or, as appropriate, Clean-Up Redemption Price specified in the applicable Pricing Supplement, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(g) *Substitution or Variation*

If a Tax Event or any Special Event specified in the applicable Pricing Supplement as being applicable occurs and is continuing, then the Issuer may, subject to Condition 7(c) and as provided below (without any requirement for the consent or approval of the Noteholders), (i) substitute at any time all (and not some only) of the Notes for, or (ii) vary the terms of the Notes so that they become, in each case, Qualifying Securities. The Trustee shall (subject to the following provisions of this Condition 7(g)) agree to such substitution or variation.

The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's sole opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

In addition to the requirements of Condition 7(c), any substitution or variation is subject to:

- (i) the substitution or variation not itself giving rise to a deterioration in any solicited rating of the Notes in effect at such time as confirmed in writing by the Rating Agency/ies; and
- (ii) the substitution or variation not triggering any right on the part of the Issuer to redeem the Notes.

In connection with any substitution or variation in accordance with this Condition 7(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(h) *Purchases*

Subject to Condition 7(c), the Issuer, ZIC, ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) for the time being may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price.

(i) *Cancellation*

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

(j) *Trustee Not Obligated to Monitor*

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

8. *Taxation*

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

In the case of Notes issued by ZF (Luxembourg) or ZF (UK), all payments under the Trust Deed and the Notes will be made without withholding or deduction for or on account of any taxes or duties of whatever nature imposed or levied by or

on behalf of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law and/or by agreement of the relevant Issuer or the Guarantor, as the case may be.

In such event, ZF (Luxembourg) or ZF (UK), as the case may be, will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note presented for payment:

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

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

(b) Notes issued by ZF (Australia)

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

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

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of the person having some connection with the Relevant Jurisdiction other than the mere holding of such Note or receipt of payment in respect of such Note;
- (ii) presented for payment or in respect of which a claim for payment is made more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an Additional Amount on presenting the Note, or claiming or making demand, for payment on the last day of the period of 30 days;
- (iii) on account of such taxes, duties, assessments or governmental charges which are payable by reason of the Noteholder being an associate of ZF (Australia) for the purposes of section 128F of the Australian Tax Act;
- (iv) on account of such taxes, duties, assessments or governmental charges which are required to be deducted or withheld from amounts payable to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by (1) providing (or procuring that a third party provides) the Noteholder’s Australian tax file number (“**TFN**”) or Australian Business Number (“**ABN**”) or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority (with a copy to the Issuer) and/or (2) complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption;
- (v) to, or to a third party on behalf of, a Noteholder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law;

- (vi) to the extent that ZF (Australia) is obliged to pay such taxes, duties, assessments or governmental charges in respect of such payment made to, or to a third party on behalf of, a Noteholder as a result of the operation of section 126 of the Australian Tax Act by reason of the Noteholder being an Australian resident or a non-resident that carries on business at or through a permanent establishment in Australia and not having disclosed to ZF (Australia) its name and address;
- (vii) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (viii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland changing the Swiss federal withholding tax system from an issuer-based system to a paying-agent-based system pursuant to which a person other than the Issuer is required to withhold tax on any interest payments;
- (ix) to a Noteholder that is not the beneficial owner of such Note to the extent that the beneficial owner thereof would not have been entitled to the payment of an Additional Amount had such beneficial owner been the Noteholder of such Note;
- (x) on account of any Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation that such tax is payable under the Australian Tax Act, in circumstances where the Noteholder is party to or participated in a scheme to avoid such tax and where ZF (Australia) was neither a party to nor participated in such scheme;
- (xi) in such other circumstances as may be specified in the applicable Pricing Supplement; or
- (xii) any combination of items (i) through (xi) above.

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

9. Principal Loss Absorption

(a) Write-Down Event

This Condition 9 shall not apply to any Notes issued by ZF (UK).

This Condition 9 (*Principal Loss Absorption*) shall only apply if Write-Down Event is specified in the applicable Pricing Supplement as being applicable.

Notwithstanding any other provisions contained herein:

- (i) limb (e) of the definition of “Qualifying Securities” shall be deemed to be deleted in its entirety and replaced with the following: “(e) which contain terms providing for loss absorption through principal write-down that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer after consulting an investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities);” and
- (ii) any substitution or variation otherwise in accordance with Condition 7(g) will be subject to such substitution or variation not itself giving rise to a Write-Down Event and/or triggering a Write-Down of the Notes pursuant to this Condition 9 (*Principal Loss Absorption*) and no Write-Down Event having otherwise occurred.

Notwithstanding any other provisions contained herein, if a Write-Down Event occurs:

- (i) the claims of any Noteholder in respect of, or arising under, the relevant Notes pursuant to Condition 3 (*Status*) or the applicable ZIC Subordinated Guarantee will be subject to, and superseded by, the provisions of this Condition 9 (*Principal Loss Absorption*);
- (ii) each Note will cease to bear interest from the Write-Down Date (if any), but without prejudice to any cancellation of such interest in accordance with this Condition 9 (*Principal Loss Absorption*); and
- (iii) any redemption pursuant to Condition 7(b) or notice of redemption pursuant to Conditions 7(d), 7(e) and 7(f) shall be subject to the provisions of this Condition 9 (*Principal Loss Absorption*).

(b) Notice of a Write-Down Event

If a Write-Down Event occurs at any time, the Issuer shall, as soon as reasonably practicable, notify the Relevant Regulator and shall, by no later than the seventh calendar day following the occurrence of the Write-Down Event:

- (i) give notice (a “**Write-Down Notice**”) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders specifying (x) that a Write-Down Event has occurred and that a Write-Down of the Notes will take place, (y) the date on which the Write-Down Event occurred, and (z) the Write-Down Date; and

- (ii) deliver to the Trustee and the Issuing and Paying Agent a certificate (the “**Write-Down Certificate**”) signed by two Authorised Officers of the Issuer or ZIC, stating that a Write-Down Event has occurred and giving details thereof.

The occurrence of a Write-Down Event in accordance with this Condition 9 (*Principal Loss Absorption*) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Trust Deed or the ZIC Subordinated Guarantee.

(c) **Write-Down of the Notes**

If the Issuer has validly given the Write-Down Notice and Write-Down Certificate in accordance with Condition 9(b), then on the Write-Down Date the full principal amount of each Note and all accrued but unpaid interest (including any Arrears of Interest) thereon will automatically and permanently be reduced to zero (a “**Write-Down**”, and “**Written-Down**” shall be construed accordingly) and the Notes will be cancelled.

Accordingly, as of the Write-Down Date, Noteholders shall not have any rights against the Issuer or the Guarantor with respect to: (i) repayment of the principal amount of the Notes or any part thereof, or (ii) the payment of any other amounts arising under or in connection with the Notes.

Once the principal amount of a Note has been Written-Down, it will not be restored under any circumstances, including where the relevant Write-Down Event ceases to continue.

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

10. Remedies

(a) **Right to claim for amounts due; no acceleration right**

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

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

(b) **No institution of winding-up proceedings**

The Trustee may at its discretion, subject to Condition 10(c) (and subject to being indemnified and/or secured and/or prefunded), participate in, but not itself institute, any proceedings for the winding up of the Issuer and/or the Guarantor to enforce the obligations of the Issuer for payment of any principal or interest (including any Arrears of Interest) in respect of the Notes or, in the case of the Guarantor, to enforce the obligations of the Guarantor under the ZIC Subordinated Guarantee. In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) with respect to the Issuer and/or the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Notes.

(c) **Claims in a winding-up or dissolution**

- (i) If, except for the purposes of or pursuant to and followed by an Approved Liquidation, a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or the Guarantor be wound up or dissolved (any such resolution or order, a “**Liquidation Ruling**”) and subject to Condition 10(c)(ii) below, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and ZIC that the Notes are immediately due and repayable at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest).
- (ii) If, on or following the date of any such Liquidation Ruling, a Solvency Event in relation to the Zurich Insurance Group (a “**Group Solvency Event**”) has occurred and is continuing or would occur as a result of the Notes becoming due and payable pursuant to Condition 10(c)(i), then the Notes shall become due and payable in accordance with Condition 10(c)(i) upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, the Notes shall in addition become due and payable in the proceedings which implement such Liquidation Ruling at an amount equal to the principal amount of such Note, together with any accrued but unpaid interest up to, but excluding, the date of repayment (including any Arrears of Interest) upon any amounts in respect of any Relevant Junior or Pari Passu Securities becoming due and payable in such proceedings.

- (iii) No payment in respect of the Notes may be made by the Issuer or the Guarantor pursuant to this Condition 10(c), nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.

ZIC has undertaken in the Trust Deed that for so long as any Notes are outstanding, it will have at least one series of securities outstanding which are issued directly by ZIC which rank, or are expressed to rank, pari passu with, the claims of Noteholders under the ZIC Subordinated Guarantee and have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group.

(d) No right to take action directly against the Issuer or the Guarantor

No Noteholder or Couponholder shall be entitled to take any action directly against the Issuer or ZIC in respect of the Notes or the ZIC Subordinated Guarantee unless the Trustee, having become Noteholder Mandated to take such action, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Issuer or ZIC as those which the Trustee is entitled to exercise.

(e) Extent of remedy for non-payment

No remedy against the Issuer or ZIC, other than as referred to in this Condition 10 (*Remedies*), shall be available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed or ZIC Subordinated Guarantee.

11. Interest Determination and Payment Dates

(a) Fixed Rate Reset Notes - Fallbacks

If Mid-Swap Rate is specified in the applicable Pricing Supplement and on any Reset Determination Date the Reset Rate Screen Page is not available or the Mid-Swap Rate does not appear on the Reset Rate Screen Page (other than in the circumstances provided for in Condition 11(e)), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

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

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the Reset Margin, all as determined by the Calculation Agent. If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 11(a), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

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

(i) Interest Payment Dates

Interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified in the applicable Pricing Supplement in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 5(b). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

- (x) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

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

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 11(e), be either:

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

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

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m.

(Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Linear Interpolation*

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

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

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

(d) *Calculation Agent*

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

(e) *Benchmark discontinuation*

Notwithstanding the provisions in Condition 11(a) and 11(b), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 11(e) shall apply.

(i) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 11(e)(ii) and, in either case, an Adjustment Spread if any (in accordance with Condition 11(e)(iii)) and any Benchmark Amendments (in accordance with Condition 11(e)).

An Independent Adviser appointed pursuant to this Condition 11(e) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 11(e).

(ii) Successor Rate or Alternative Rate

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

- A. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 11(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 11(e)); or
- B. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 11(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the operation of this Condition 11(e)).

(iii) Adjustment Spread

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

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 11(e) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 11(e)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Officers of the Issuer pursuant to Condition 11(e)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 11(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 11(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Relevant Capital.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 11(e) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 19, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 11(e); and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified

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

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 11(e) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 11 (a) and 11(b) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 11(e)(v).

(vii) Definitions:

As used in this Condition 11(e):

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

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

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 11(e)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 11(e)(iv).

“Benchmark Event” means:

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

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 11 (e)(i).

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

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

- (v) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

12. Payments

(a) *Appointment of Agents*

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

In addition, the Issuer and ZIC shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 12(d).

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

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

(b) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons (in the case of interest, save as specified in Condition 12(h)(i)), as the case may be, at the specified office of any Paying Agent outside the U.S. (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System or, in the case of New Zealand dollars, shall be Auckland.

(c) *Registered Notes*

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

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

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or ZIC or its agents) and neither the Issuer nor ZIC will be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws,

regulations, directives or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Non-Business Days*

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

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

(g) *Payments on Listed Swiss Franc Notes*

The receipt in full by the Principal Swiss Paying Agent specified in the applicable Pricing Supplement of each payment of principal and/or interest then due in respect of any Listed Swiss Franc Notes at the time and in the manner specified in the agency agreement appointing the Principal Swiss Paying Agent shall (except to the extent that such payment is avoided or set aside for any reason) satisfy the obligation of the Issuer under such Notes to make such payment on such date and shall (except as aforesaid) release it from all further obligations in respect of such payment.

(h) *Special Provisions relating to Coupons and Talons*

- (i) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Bearer Notes provide that relevant unmatured Coupons shall become void upon the due date for redemption of those Notes and where such Notes are presented for redemption without all unmatured Coupons or any unexchanged Talon relating to such Note, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 20 (*Prescription*)).

13. *Meetings of Noteholders, Modification and Waiver*

(a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Optional Redemption Amount, the Clean-Up Redemption Price, or the Special Event Redemption Price, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, (viii) to modify Conditions 3 (*Status*), 6 (*Deferral of Interest Payments*) or 7 (*Redemption, Substitution or Variation, Purchase and Options*), or (ix) to cancel or modify the ZIC Subordinated Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 7(g) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Securities, and to which the Trustee has

agreed pursuant to the relevant provisions of Condition 7(g). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The consent or approval of the Noteholders will not be required for any Benchmark Amendments made pursuant to Condition 11(e).

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. in principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”), are excluded in the case of Notes issued by ZF (Luxembourg). No holder of Notes issued by ZF (Luxembourg) may initiate proceedings against ZF (Luxembourg) based on article 470-21 of the Companies Act 1915.

(b) Modification of the Trust Deed or Agency Agreement

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the ZIC Subordinated Guarantee or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed, the ZIC Subordinated Guarantee or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable.

14. Issuer Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution of any entity (the “**Substitute Obligor**”) in place of the Issuer (or of any previous substitute under this Condition 14 (*Issuer Substitution*)) as the principal debtor under the Trust Deed, the Agency Agreement and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor to the Trustee, in form and manner satisfactory to the Trustee, under which such Substitute Obligor agrees to be bound by the terms of these presents (with any consequential amendments which the Trustee may deem appropriate) as fully as if the Substitute Obligor had been named in these presents as the principal debtor in place of the Issuer;
- (ii) where the Substitute Obligor is subject generally to the taxing jurisdiction of any territory or any authority of or in that territory having power to tax (the “**Substituted Territory**”) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 8 (*Taxation*) with the substitution for the references in that Condition to the Issuer’s Territory of references to the Substituted Territory and in such event the Notes and Trust Deed will be read accordingly;
- (iii) any two Authorised Officers of the Substitute Obligor certify on behalf of the Substitute Obligor that it will be solvent immediately after such substitution; in such event the Trustee need not have regard to the financial condition, profits or prospects of the Substitute Obligor or compare them with those of the Issuer;
- (iv) the Issuer, ZIC and the Substitute Obligor comply with such other requirements (including the giving of a guarantee (on a subordinated basis equivalent to that referred to in Condition 4 (*ZIC Subordinated Guarantee*))), in form and substance satisfactory to the Trustee as the Trustee may direct in the interests of the Noteholders;
- (v) the Trustee is provided with legal opinions to its satisfaction confirming, *inter alia*, that the Notes, the Trust Deed, the Agency Agreement, the ZIC Subordinated Guarantee and, if applicable, the undertaking referred to in paragraph (i) (in each case, as amended) above are legal, valid, binding and enforceable obligations of the Substitute Obligor and ZIC (as applicable).

In connection with any such substitution in accordance with this Condition 14 (*Issuer Substitution*), references in the definition “Tax Law Change” to Relevant Jurisdiction shall be deemed to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words “becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series” in the definition “Tax Law Change” shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 8 (*Taxation*) was given pursuant to the Trust Deed”).

Any substitution pursuant to this Condition 14 (*Issuer Substitution*) shall be, if so required, subject to notification thereof to, and consent therefor from, the Relevant Regulator. Any such agreement by the Trustee pursuant to this Condition 14

(*Issuer Substitution*) will, if so expressed and save as set out in these Conditions, operate to release the Issuer from any or all of its obligations under the Notes.

15. **The Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in Condition 13 (*Meetings of Noteholders, Modification and Waiver*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

Any Solvency Payment Deferral Certificate, Solvency Event Certificate, Conditions Precedent Certificate, Write Down Certificate and any other opinion, certificate or written confirmation as contemplated in the definition of, as appropriate, Accounting Event, Clean-Up Event or Tax Event or otherwise given pursuant to these Conditions or the Trust Deed shall be treated and accepted by the Trustee (and in such circumstances, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence of those matters/conditions required to be confirmed and/or satisfied, in which event it shall be conclusive and binding on the Trustee, Noteholders and all other interested parties. The Trustee shall be entitled to rely on any such certificate, opinion or written confirmation without further enquiry and without liability to any person.

Neither the Trustee nor the Agents shall have any responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment, cancellation or reduction of principal, interest or other amounts or any claims in respect thereof by reason of the occurrence of a Write-Down Event (if applicable).

For the avoidance of doubt, notwithstanding the occurrence of a Write-Down Event (if applicable), nothing in these Conditions shall affect or prejudice the payments of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

16. **Transfers of Registered Notes**

(a) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 2 to the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(b) ***Regulations***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Condition 16(a) or 16(b) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 16(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) ***Transfer Free of Charge***

Transfer of Notes and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date or (v) during the period following delivery of a notice of payment of Arrears of Interest in accordance with Condition 6 (*Deferral of Payments*) and Condition 19 (*Notices*) and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

17. Replacement of Notes, Certificates, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent, in the case of a Bearer Note or Coupon, or the Registrar, in the case of Certificates, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 19 (*Notices*), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. Notices

All notices required to be given regarding the Notes pursuant to the Conditions will be valid if published through the electronic communication system of Bloomberg and on the Issuer's and/or ZIC's website. For so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in Luxembourg.

In the case of Listed Swiss Franc Notes, all notices shall be published on the internet site of SIX Swiss Exchange (where notices are currently published under the address www.six-swiss-exchange.com/news/official_notices.html) or otherwise in accordance with the regulations of SIX Swiss Exchange.

The Issuer and/or ZIC shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange, listing authority and/or quotation system by which the Notes are for the time being admitted to listing, trading and/or quotation.

Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable (i) notices relating to Bearer Notes will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*) and (ii) notices to holders of Registered Notes will be valid if sent by first-class mail or (if posted to an overseas address) by air-mail to their registered addresses appearing on the Register. Any such notice in respect of (i) above shall be deemed to have been given on the date of the first publication, and in respect of (ii) above shall be deemed to have been given on the fourth day after the day on which it is mailed.

20. Prescription

Claims in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

22. Governing Law

(a) The Trust Deed (other than the provisions therein relating to (i) subordination, which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes and (ii) the ZIC Subordinated Guarantee, which shall be governed by, and construed in accordance with, the laws of Switzerland), the Notes (other than Condition 3 (*Status*), which shall be governed by, and construed in accordance with, the laws of the jurisdiction of incorporation of the Issuer of the Notes) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Each Issuer has agreed in the Trust Deed, for the exclusive benefit of the Trustee and the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes may be brought in such courts.

- (c) Each Issuer has irrevocably waived in the Trust Deed any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any court referred to in paragraph (b) above or paragraph (d) below or that any such court is an inconvenient forum.
- (d) Nothing contained in this Condition 22 (*Governing Law*) shall limit any right of the Trustee or the Noteholders to take Proceedings against the Issuer or ZIC in any other court of competent jurisdiction in Switzerland (but not elsewhere), nor shall the taking of Proceedings in England preclude the taking of Proceedings in Switzerland (or vice versa), whether concurrently or not.
- (e) Each of the Guarantor, ZIG and ZF (Luxembourg) has appointed Zurich Insurance plc, UK branch at its registered office for the time being and ZF (Australia) has appointed ZF (UK) at its registered office for the time being, in each case to act as its agent for service of process in respect of any Proceedings in England and each of the Guarantor, ZIG, ZF (Luxembourg) and ZF (Australia) has undertaken in the Trust Deed that, in the event of Zurich Insurance plc, UK branch or ZF (UK), as the case may be, ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- (f) In respect of Listed Swiss Franc Notes only, the Issuer and the Trustee have agreed in the Trust Deed for the benefit of the Noteholders to the additional jurisdiction of the courts of the City of Zurich, venue Zurich 1.
- (g) Any ZIC Subordinated Guarantee is governed by, and shall be construed in accordance with, the laws of Switzerland. Any legal action or proceedings in respect of a ZIC Subordinated Guarantee shall be brought exclusively in the courts of the City of Zurich, venue Zurich 1.

23. Definitions and Interpretation

(a) General definitions

“**Accounting Event**” means that an opinion of a recognised accounting firm has been delivered to the Issuer or ZIG, stating that obligations of the Issuer in respect of the Notes must not, or must no longer be, recorded under the Initial Accounting Treatment Methodology specified in the applicable Pricing Supplement (either “**liabilities**” or “**equity**”), (being the presentation of the Notes under IFRS as at the Issue Date) on the balance sheet of ZIG published in its annual consolidated financial statements pursuant to IFRS and this cannot be avoided by the Issuer or, as the case may be, ZIG taking such reasonable measures as the Issuer or ZIG (acting in good faith) deems appropriate and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event, the delivery by the Issuer to the Trustee of such opinion;

“**Additional Amounts**” has the meaning given to it in Condition 8 (*Taxation*);

“**Agents**” means the Issuing and Paying Agent, Paying Agents, Calculation Agent, Transfer Agent and Registrar;

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“**Applicable Regulations**” means, at any time, the solvency margin, regulatory capital requirements or capital adequacy regulations applicable to ZIC and/or the Zurich Insurance Group at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency and/or financial conglomerate purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of the Relevant Regulator and shall include, once introduced and so long as applicable, any Future Regulations;

“**Approved Liquidation**” means a consolidation, amalgamation, merger or reconstruction or voluntary liquidation or dissolution of the Issuer or, as the case may be, the Guarantor, in each case the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders;

“**Arrears of Interest**” has the meaning given to it in Condition 6 (*Deferral of Payments*);

“**Assets**” means, in relation to ZIC, ZIC’s consolidated total assets and, in relation to the Zurich Insurance Group, ZIG’s consolidated total assets, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Australian Tax Act**” means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the context requires;

“**Authorised Officer**” means any Director or other duly authorised executive of the Issuer, ZIC and/or ZIG, as applicable;

“**Bank**” has the meaning given to it in Condition 12(b);

“**Bearer Note**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Certificate**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Clean-Up Event**” means (i) the redemption and/or purchase and cancellation of any Notes which, when aggregated with any Notes previously redeemed and/or purchased and cancelled, results in the total principal amount of such Notes which

have been previously redeemed and/or purchased and cancelled exceeding the Clean-Up Threshold and (ii) the delivery of a certificate signed by two Authorised Officers of the Issuer or ZIC to the Trustee confirming the same;

“**Clean-Up Threshold**” means the Clean-Up Threshold Percentage specified in the applicable Pricing Supplement times the principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 (*Further Issues*));

“**Clearstream**” means Clearstream Banking, S.A.;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Conditions Precedent Certificate**” means a certificate signed by two Authorised Officers of the Issuer or ZIC stating that (x) the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary, including but not limited to the conditions set out in Condition 7(c), are satisfied and (y) in the case of a substitution or variation, that the terms of the relevant Qualifying Securities comply with the definition thereof in Condition 23 (*Definitions and Interpretations*);

“**Early Event Call Period**” means the period from (and including) the date of the occurrence of a Special Event or Clean-Up Event, as applicable, to (and including) the date which is the later of (i) the first anniversary of such occurrence (or such shorter or longer period as may be set out in the applicable Pricing Supplement) and (ii) having sought such consent within such period, the date on which written consent of the Relevant Regulator is obtained for the giving of such notice and redemption;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

“**Excepted Event**” means one or more of the following events:

- (a) repurchases, redemptions or other acquisitions of ZIG’s ordinary shares in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of one or more employees, officers, directors or consultants, in connection with a dividend reinvestment or shareholder stock purchase plan or in connection with the issuance of ZIG’s ordinary shares (or securities convertible into or exercisable for ZIG’s ordinary shares) as consideration in an acquisition transaction entered into prior to the applicable deferral period;
- (b) as a result of any exchange or conversion of any class or series of ZIG’s ordinary shares (or any capital stock of any of its subsidiaries) for any class or series of common stock or of any class or series of its indebtedness (or for the indebtedness of any of its subsidiaries);
- (c) the aggregate amount of Junior and Pari Passu Payments during the six month period ending on the relevant Interest Payment Date does not exceed US\$10,000,000 (or its equivalent);
- (d) any declaration of a dividend in connection with any shareholders’ rights plan, or the issuance of rights, stock or other property under any shareholders’ rights plan, or the redemption or repurchase of rights pursuant thereto;
- (e) any dividend or distribution in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock; or
- (f) payments of interest on any Notes and on any Pari Passu Obligations, in each case which are made rateably and in proportion to the respective amounts as at such Interest Payment Date of (y) if applicable, Arrears of Interest and any other accrued and unpaid interest on the Notes, on the one hand and (z) accrued and unpaid interest on such other obligations on the other hand;

“**FATCA Withholding**” has the meaning given to it in Condition 12(e);

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

“**First Reset Rate of Interest**” means the rate of interest determined by the Calculation Agent pursuant to Conditions 5(a) and 11(a) on the first Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Fixed Rate End Date**” means the date specified as such in the applicable Pricing Supplement;

“**Fixed Term Deferred Interest Payment**” has the meaning given to it in Condition 6(b);

“**Future Regulations**” means the solvency margin, regulatory capital or capital adequacy regulations (if any) which may be introduced in Switzerland (or if ZIC and/or ZIG becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer, ZIC and/or Zurich Insurance Group, which would set out the requirements to be satisfied by financial instruments in order that they be eligible to be included in Tier Two (or equivalent) own funds regulatory capital (“**Future Tier Two Capital**”);

“**Group Solvency Event**” has the meaning given to it in Condition 10(c);

“**Guarantor**” means ZIC in its capacity as guarantor under any ZIC Subordinated Guarantee;

“**holder**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“**Initial Rate of Interest**” means the initial rate of interest per annum specified as such in the applicable Pricing Supplement;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the second Business Day in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the second TARGET Business Day prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“**Interest Payment**” means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date in accordance with these Conditions;

“**Interest Payment Date**” has the meaning given to it in Condition 11(b);

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified in the applicable Pricing Supplement;

“**ISO**” means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended;

“**Issuer’s Territory**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

“**Junior and Pari Passu Payments**” has the meaning given to it in the definition of “Optional Interest Payment Date”;

“**Junior Instruments**” has the meaning given to it in Condition 3 (*Status*);

“**Junior or Pari Passu Interest Payment**” means, in respect of any Junior or Pari Passu Securities, the payment of any interest on such securities (or the payment of a sum in respect of such interest under any applicable guarantee);

“**Junior or Pari Passu Securities**” means (a) any securities issued (or guaranteed) by ZIC and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to, or *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee or (b) any securities issued by the Issuer and the claims in respect of such securities rank junior to, or *pari passu* with, the claims of holders of Subordinated Notes;

“**Liabilities**” means, in relation to ZIC, ZIC’s consolidated total liabilities and, in relation to the Zurich Insurance Group, ZIG’s consolidated total liabilities, each as shown in its respective latest annual audited balance sheets, but adjusted for all subsequent events, as reasonably determined by ZIC or ZIG, as the case may be, or (in the event of a liquidation) the relevant liquidator;

“**Liquidation Ruling**” has the meaning given to it in Condition 10(c);

“**Margin**” means the Margin specified in the applicable Pricing Supplement and shall include, with effect from the Margin Step-Up Date(s) specified in the applicable Pricing Supplement (if any), the relevant Step-Up Margin(s) specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate Quotation**” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (a) if Single Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the rate for swaps in the Specified Currency:
 - (i) with a term equal to the relevant Reset Period; and
 - (ii) commencing on the relevant Reset Note Reset Date, which appears on the Reset Rate Screen Page; or

- (b) if Mean Mid-Swap Rate is specified in the applicable Pricing Supplement as being applicable, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
 - (i) with a term equal to the relevant Reset Period; and
 - (ii) commencing on the relevant Reset Note Reset Date, which appear on the Reset Rate Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“**Noteholder**” has the meaning given to it in Condition 1 (Form, *Denomination and Title*);

“**Noteholder Mandated**” means, in relation to the taking of any applicable action by the Trustee, the Trustee has been so requested in writing by the Noteholders of not less than 25 per cent. in principal amount of the Notes then outstanding or has been so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (in each case, subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction);

“**Optional Interest Payment Date**” means any Interest Payment Date in respect of which during the six month period ending thereon (a) no dividend has been declared or paid on any class of share capital of ZIG; (b) no repurchase or acquisition of any class of share capital of ZIG has been made; and (c) no interest, distribution or other payments (including payment for the purpose of a redemption or repurchase) have been made (i) on any Junior or Pari Passu Securities; or (ii) on any securities issued or guaranteed by ZIG (any such payments in (a), (b) and (c) together, “**Junior and Pari Passu Payments**”) (provided at the relevant time the existence of this requirement (c) does not cause a Regulatory Event); (unless, in each case, such payment was (i) required to be made pursuant to the terms of such securities or required due to the repayment of such securities or (ii) an Excepted Event);

“**Pari Passu Instruments**” has the meaning given to it in Condition 3 (*Status*);

“**Pari Passu Obligations**” means (a) any obligations undertaken (or guaranteed) by ZIC and the claims in respect of such obligations (or, as applicable, guarantee) rank, or are expressed to rank, *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee or (b) any obligations undertaken by the Issuer and the claims in respect of such obligations rank, or are expressed to rank, *pari passu* with the claims of holders of Subordinated Notes;

“**Qualifying Securities**” means securities:

- (a) having terms (including terms providing for deferral of payment of interest and/or principal and which preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any other amounts which have not been paid) that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer or ZIC after consulting an independent investment bank of international standing, and provided that a certification to such effect of two Authorised Officers of the Issuer or ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (b) issued by ZIC, or issued by another member of the Zurich Insurance Group together with a guarantee by ZIC, such that investors have the same material rights and claims as provided by the Notes and any ZIC Subordinated Guarantee (as reasonably determined by the Issuer, and provided that a certification to such effect of two Authorised Officers of ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities); and
- (c) ranking at least equal to the Notes (in the case of securities issued by the Issuer) and featuring the same principal amount, interest rate (including applicable margins and step-up), Interest Payment Dates and Optional Redemption Dates as the Notes; and
- (d) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of and amounts payable on, such redemption; and
- (e) which do not contain any terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (f) which benefit from a guarantee from ZIC which ranks at least equally with a relevant ZIC Subordinated Guarantee; and
- (g) listed on an internationally recognised stock exchange, if the Notes were listed prior to such substitution or variation; and
- (h) in the case of a substitution or variation as a result of a Rating Agency Event, which are assigned substantially the same equity content, or at the absolute discretion of the Issuer or ZIC a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Agency Event), than was assigned by the Rating Agency/ies to the Notes on or around the Issue Date and provided that a certification to such effect of two Authorised Officers of ZIC shall have been delivered to the Trustee prior to the issue of the relevant securities;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions of the applicable Pricing Supplement;

“Rating Agency/ies” means, at any time, the rating organisation(s) who have, at the request of the Issuer or ZIC, given published ratings of the Notes at such time;

“Rating Agency Event” means a change by any Rating Agency to its equity credit criteria, or the interpretation or application thereof, for securities such as the Notes, as such criteria are in effect on the Issue Date (the **“current criteria”**), which results in a lower equity credit being given to the Notes as of the date of such change by such Rating Agency as compared with the equity credit assigned to the Notes pursuant to its current criteria and, prior to the publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of such event;

“Record Date” means, in respect of any payment due on the Notes, the fifteenth day before the due date for payment thereof;

“Reference Banks”, (i) in the case of Floating Rate Notes and Fixed to Floating Rate Notes, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the applicable Reference Rate; (ii) in the case of a Mid-Swap Rate, has the meaning specified in the applicable Pricing Supplement or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer acting on the advice of an investment bank of international repute and (iii) in the case of a Benchmark Gilt Rate, four brokers of gilts and/or gilt-edged market makers selected by the Issuer acting on the advice of an investment bank of international repute;

“Reference Rate” means LIBOR, EURIBOR or as otherwise specified in the applicable Pricing Supplement, in each case for the relevant period, as specified in the applicable Pricing Supplement;

“Register” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“Registered Note” has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

“Regulatory Event” means the occurrence of any of the following events, which occurrence (i) cannot be avoided by the Issuer, ZIC or ZIG taking such reasonable measures as they (acting in good faith) deem appropriate or (ii) is not reasonably foreseeable as at the Issue Date of the first Tranche of the Notes of the relevant Series (or in the case of a redomiciliation of ZIC and/or ZIG, at the time of such decision to redomicile):

- (a) prior to the implementation of any Future Regulations, the Relevant Regulator states that less than the entire principal amount of the Notes is now eligible to qualify as at least (i) lower additional capital (in the case of Notes which have a Maturity Date) or (ii) upper additional capital (in the case of Notes which do not have a Maturity Date)) pursuant to Art. 49 of the ISO in connection with Art. 22a of the ISO for group or solo solvency purposes; or
- (b) with effect from (and including) the implementation of any Future Regulations, less than the entire principal amount of the Notes qualify as at least Future Tier Two Capital under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Notes is only as a result of (i) any applicable limitation on the amount of such capital or, (ii) in the case of Notes with a Maturity Date, only as a result of any amortisation of the capital recognition of the Notes in accordance with the Applicable Regulations in force at the Issue Date of the first tranche of Notes of the relevant Series in the years prior to its redemption, in either case of (i) or (ii), all in accordance with the Applicable Regulations;

“Relevant Capital” means lower additional capital (in the case of Notes which have a Maturity Date) or upper additional capital in the case of Notes which do not have a Maturity Date or, following the implementation of any Future Regulations, Future Tier Two Capital;

“Relevant Date” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“Relevant Junior or Pari Passu Securities” means (a) any securities issued (or guaranteed) by ZIC which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee; (b) any securities issued by ZIC which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities rank, or are expressed to rank *pari passu* with, the claims of holders of Subordinated Notes under the ZIC Subordinated Guarantee;

“Relevant Jurisdiction” means (i) Luxembourg and Switzerland, in the case of Notes issued by ZF (Luxembourg); (ii) the United Kingdom and Switzerland, in the case of Notes issued by ZF (UK); and (iii) Australia and Switzerland, in the case of Notes issued by ZF (Australia);

“Relevant Regulator” means FINMA or any domestic or foreign successor to FINMA or any entity, that otherwise has primary supervisory authority over ZIC and/or ZIG and/or the Zurich Insurance Group;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement;

“Reset Determination Date” means, unless otherwise specified in the applicable Pricing Supplement, the second Business Day prior to each Reset Note Reset Date;

“Reset Margin” means the Initial Reset Margin (which shall apply to the First Reset Period) or any Subsequent Reset Margin(s) which shall apply to any Subsequent Reset Period(s), in each case as specified in the applicable Pricing Supplement;

“Reset Period” means the First Reset Period or a Subsequent Reset Period;

“Senior Creditors” has the meaning given to it in Condition 3 (*Status*);

“Senior Ranking Creditors” means:

- (a) in relation to ZIC or ZIG, all unsubordinated creditors of such entity, including policyholders (and beneficiaries of a policy) of such entity and all creditors of such entity whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; or
- (b) in relation to ZIC only, all other subordinated creditors of such entity except those whose claims arise in respect of Junior or Pari Passu Securities;

“SIS” has the meaning given to it in Condition 2 (*Listed Swiss Franc Notes*);

“SIX Swiss Exchange” means SIX Swiss Exchange Ltd;

a **“Solvency Event”** shall be deemed to have occurred (unless exceptionally waived by the Relevant Regulator in the circumstances permitted under the Applicable Regulations) as at any date if as at such date:

- (a) ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover (as applicable) its required solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations; or
- (b) ZIC and/or ZIG has reasonable grounds for concern that it is unable to pay its debts owed to its, or their respective, Senior Ranking Creditors as they fall due; or
- (c) the Assets of ZIC and/or the Zurich Insurance Group do not exceed its, or their respective, Liabilities; or
- (d) any other event has occurred which, under the Applicable Regulations, in order for the Notes to continue to qualify as Relevant Capital, would require payment of principal or interest, as applicable, on the Notes to be deferred; or
- (e) the Relevant Regulator has given notice to ZIC and/or ZIG (in the case of the Zurich Insurance Group), that it has determined that in accordance with the Applicable Regulations at such time, action must be taken in relation to payments on subordinated notes, including the Notes;

“Solvency Event Certificate” means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming the occurrence and/or continuation of a Solvency Event to the Trustee;

“Solvency Interest Deferral Date” means each Interest Payment Date in respect of which a Solvency Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

“Solvency Payment Deferral Certificate” means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming that (i) a Solvency Event has occurred and is continuing, or would occur if payment of interest on the Notes were made or (ii) a Solvency Event has ceased to occur and/or payment of interest or Arrears of Interest on the Notes would not result in a Solvency Event occurring;

“Special Event” means any of an Accounting Event, a Rating Agency Event or a Regulatory Event or any combination of the foregoing;

“Specified Currency” means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“Specified Maximum Amount” means the amount specified as such in the applicable Pricing Supplement;

“Subsequent Reset Rate of Interest” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent pursuant to Conditions 5(a) and 11(a) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Reset Margin;

“**Substitute Obligor**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

“**Substituted Territory**” has the meaning given to it in Condition 14 (*Issuer Substitution*);

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

a “**Tax Event**” shall occur at any time if either:

- (a) on the occasion of the then next payment due under the Notes, (A) the Issuer is or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or (B) if a sum in respect of such payment is claimed under the ZIC Subordinated Guarantee, ZIC would be required to pay Additional Amounts, in each case (A) and (B) as a result of a Tax Law Change, and such obligation cannot be avoided by the Issuer (in respect of case (A)) or ZIC (in respect of case (B)) taking reasonable measures available to it; or
- (b) in respect of a past or the then next Interest Payment Date, the payment of interest in respect of the Notes would as a result of a Tax Law Change (i) in the case of Notes issued by ZF (UK), be treated as a “distribution” within the meaning of the UK Corporation Tax Act 2010 (as amended, re-enacted or replaced) or (ii) not be deductible as interest or an expense for tax purposes of the Issuer (or the amount of such deduction is materially reduced) for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it;

and in each such case, prior to publication of any notice of substitution, variation or redemption pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) by reason of either of the events above, the delivery to the Trustee by the Issuer or ZIC of a certificate signed by two of its Authorised Officers certifying that the relevant conditions precedent to the right of the Issuer to redeem, substitute or, as appropriate, vary the Notes have been satisfied and an opinion of independent legal advisers of recognised standing to the effect that, in the case of (a) above, the Issuer and/or as applicable, the Guarantor has or will become obliged to pay relevant Additional Amounts as a result of a Tax Law Change or, as appropriate, in the case of (b) above, the relevant Tax Law Change has occurred;

“**Tax Law Change**” means any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes of the relevant Series;

“**Write-Down**” and “**Written-Down**” has the meaning given to it in Condition 9(c);

“**Write-Down Certificate**” has the meaning given to it in Condition 9(b);

“**Write-Down Date**” means the date specified as such in the Write-Down Notice on which the Notes will be Written-Down, which date shall be no less than one and no more than seven calendar days after the date of delivery of the relevant Write-Down Notice;

“**Write-Down Event**” shall bear the meaning specified in the applicable Pricing Supplement;

“**Write-Down Notice**” has the meaning given to it in Condition 9(b);

“**ZIC Subordinated Guarantee**” has the meaning given to it in Condition 4 (*ZIC Subordinated Guarantee*);

“**ZIG**” means Zurich Insurance Group Ltd; and

“**Zurich Insurance Group**” means ZIG together with all of its subsidiaries.

(b) *Interest related definitions*

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Pricing Supplement or, if no Benchmark Gilt is specified in the applicable Pricing Supplement or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Issuer, with the advice of the Reference Banks may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Issuer following consultation with an investment bank of international repute;

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (c) in the case of a currency and/or one or more Additional Business Centres specified in the applicable Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“ D_1 ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“ D_2 ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ Y_1 ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ Y_2 ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ M_1 ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ M_2 ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ D_1 ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“ D_2 ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“**First Reset Date**” means the date specified as such in the applicable Pricing Supplement;

“**First Reset Period**” means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the applicable Pricing Supplement, the Maturity Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

“**Mid-Market Swap Rate**” means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 11(e)) the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified in the applicable Pricing Supplement (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“**Mid-Swap Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

“**Mid-Swap Maturity**” has the meaning specified as such in the applicable Pricing Supplement;

“**Reference Bond**” means, for any Reset Period, the Reference Bond specified in the applicable Pricing Supplement or, if no Reference Bond is specified in the applicable Pricing Supplement or if the relevant Reference Bond is no longer

outstanding at the relevant time, such government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer as having an actual or interpolated maturity date comparable with the last day of the relevant Reset Period and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

“**Reference Bond Dealer**” means each of four banks (selected by the Issuer), or their affiliates which are primary government securities dealers or market makers in pricing corporate bond issuances denominated in the Specified Currency;

“**Reference Bond Dealer Quotations**” means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

“**Reference Bond Price**” means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation, the Reference Bond Dealer Quotation obtained or (d) if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest, in each case, as determined by the Calculation Agent;

“**Reference Bond Rate**” means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price;

“**Reset Note Reset Date**” means the First Reset Date and each Subsequent Reset Date (as applicable);

“**Reset Rate**” means:

- (a) if Mid-Swap Rate is specified in the applicable Pricing Supplement, the relevant Mid-Swap Rate;
- (b) if Benchmark Gilt Rate is specified in the applicable Pricing Supplement, the relevant Benchmark Gilt Rate; or
- (c) if Reference Bond is specified in the applicable Pricing Supplement, the relevant Reference Bond Rate;

“**Reset Rate Screen Page**” has the meaning specified in the applicable Pricing Supplement;

“**Subsequent Reset Date**” means the date or dates specified as such in the applicable Pricing Supplement; and

“**Subsequent Reset Period**” means each successive period, other than the First Reset Period, from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date or, if no such Subsequent Reset Date, the Maturity Date.

(c) **Interpretation**

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Clean-Up Redemption Price or Special Event Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 7 (*Redemption, Substitution or Variation, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any Additional Amounts that may be payable under Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution for it under the Trust Deed.

DESCRIPTION OF NOTES IN GLOBAL FORM

Listed Swiss Franc Note

Each Listed Swiss Franc Note will be represented exclusively by a Permanent Global SIS Note in bearer form which will be deposited with SIX SIS AG, Olten Switzerland (“**SIS**”), or such other intermediary in Switzerland recognised for such purposes by the SIX Swiss Exchange (with respect to any such Permanent Global SIS Note, SIS or such other intermediary, the “**Intermediary**”) on or prior to the original issue date of such Note. As a matter of Swiss law, once the Permanent Global SIS Note has been deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Listed Swiss Franc Notes represented thereby will constitute intermediate securities (*Bucheffekten*) within the meaning of the Swiss Federal Intermediate Securities Act (*Bucheffektengesetz*) the “**Intermediated Securities**”). The Permanent Global SIS Note will be exchangeable for Bearer Notes in definitive form in whole but not in part only if the Swiss Paying Agents should, after consultation with the Issuer, deem the printing of Bearer Notes in definitive form to be necessary or useful, or if the presentation of Bearer Notes in definitive form is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights of Noteholders, or if the Swiss Paying Agent at any time at its discretion determines to have Bearer Notes in definitive form issued. Holders of Listed Swiss Franc Notes will not have the right to effect or demand the exchange of the Permanent Global SIS Note into Notes in definitive or un-certified form. If Bearer Notes in definitive form are delivered, the relevant Permanent Global SIS Note will be immediately cancelled by the Swiss Paying Agent and the Bearer Notes in definitive form shall be delivered to the relevant holders against cancellation of the relevant Listed Swiss Franc Notes in such holders’ securities accounts. As a matter of Swiss law, a holder of an interest in the Permanent Global SIS Note retains a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global SIS Note to the extent of the Notes represented by such Permanent Global SIS Note in which such holder has an interest; provided, however, that, for so long as the Permanent Global SIS Note remains deposited with the Intermediary (i.e., for so long as the Notes represented thereby constitute Intermediated Securities), the co-ownership interest is suspended and the Notes represented thereby may only be transferred by the entry of the transferred Notes in a securities account of the transferee. For so long as Notes constitute Intermediated Securities, as a matter of Swiss law, (i) the records of the Intermediary will determine the number of Notes held through each participant of the Intermediary and (ii) the holders of such Notes will be the persons holding such Notes in a securities account (*Effektenkonto*) that is in their name or, in the case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding such Notes for their own account in a securities account (*Effektenkonto*) that is in their name.

Initial Issue of Notes

If the Global Notes in respect of any series of Senior Notes in bearer form are stated in the applicable Pricing Supplement to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. If the Global Certificates in respect of any series of Senior Notes in registered form are stated in the applicable Pricing Supplement to be issued in NSS form, the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Where the Global Notes issued in respect of any Tranche are in NGN form or are held under the NSS, Euroclear and Clearstream will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or Global Certificates (as the case may be) with the Common Safekeeper does not necessarily mean that the relevant Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository (other than Global Certificates in NSS form, which shall be delivered to a Common Safekeeper).

If the Global Note is in CGN form, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream (the “**Common Depository**”) or registration of Registered Notes in the name of any common nominee for Euroclear and Clearstream and delivery of the relevant Global Certificate to the Common Depository, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as

the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “General Description of the Programme-Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, the temporary Global Note will be exchangeable upon a request as described therein either for interests in a permanent Global Note or for Definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Notes to such notice period as is specified in the applicable Pricing Supplement), in each case against certification to the effect that the beneficial owner of interests in such temporary Global Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations.

If the temporary Global Note is exchangeable for Definitive Notes at the option of the holder and the relevant clearing system(s) so permit, the Notes shall be tradeable only in amounts of at least the Specified Denomination specified in the applicable Pricing Supplement (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency))

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Permanent Global Certificates

If the applicable Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 16(a) of the Terms and Conditions of the Senior Notes, the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes or the Terms and Conditions of the Subordinated Notes, may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Delivery of Notes

If the Global Note is in CGN form, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is in NGN form, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

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

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 11(h)(iv) of the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 12(h)(iv) of the Terms and Conditions of the Subordinated Notes will apply to the Definitive Notes only. If the Global Note is in NGN form, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “Business Day” set out in Condition 11(f) of the Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes and Condition 12(f) of the Terms and Conditions of the Subordinated Notes.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date.

Cancellation

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

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, ZIC (where ZIC is not the Issuer), ZIG and any of their respective Subsidiaries (as such term is defined in the Trust Deed) if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions.

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is in NGN

form, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

NGN nominal amount

Where the Global Note is in NGN form, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Senior Notes represented by such Global Note shall be adjusted accordingly.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, any nominee or any common nominee, as the case may be, for a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate and, in the case of Registered Notes only, the Trustee may have regard to any other letter of confirmation, form of record, information and/or certification as the Trustee shall, in its absolute discretion, think fit as evidence that at any particular time or throughout any particular period any particular person should be regarded as having an interest in a particular nominal amount of Registered Notes and if the Trustee does so rely on such evidence, such letter of confirmation, form of record, information and/or certification shall be conclusive and binding on all concerned.

Notices

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

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (A) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (B) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

The following legend will appear on all Global Notes, Reg. S Global Notes, Definitive Notes and interest coupons in respect of obligations with an original maturity in excess of 365 days issued by an Issuer other than ZHCA:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

USE OF PROCEEDS

The net proceeds from each issue of Notes by ZF (Luxembourg) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

The net proceeds from each issue of Notes by ZIC will be used in Switzerland to refinance existing debt of ZIC or, alternatively, for general corporate purposes.

The net proceeds from each issue of Notes by ZF (UK) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

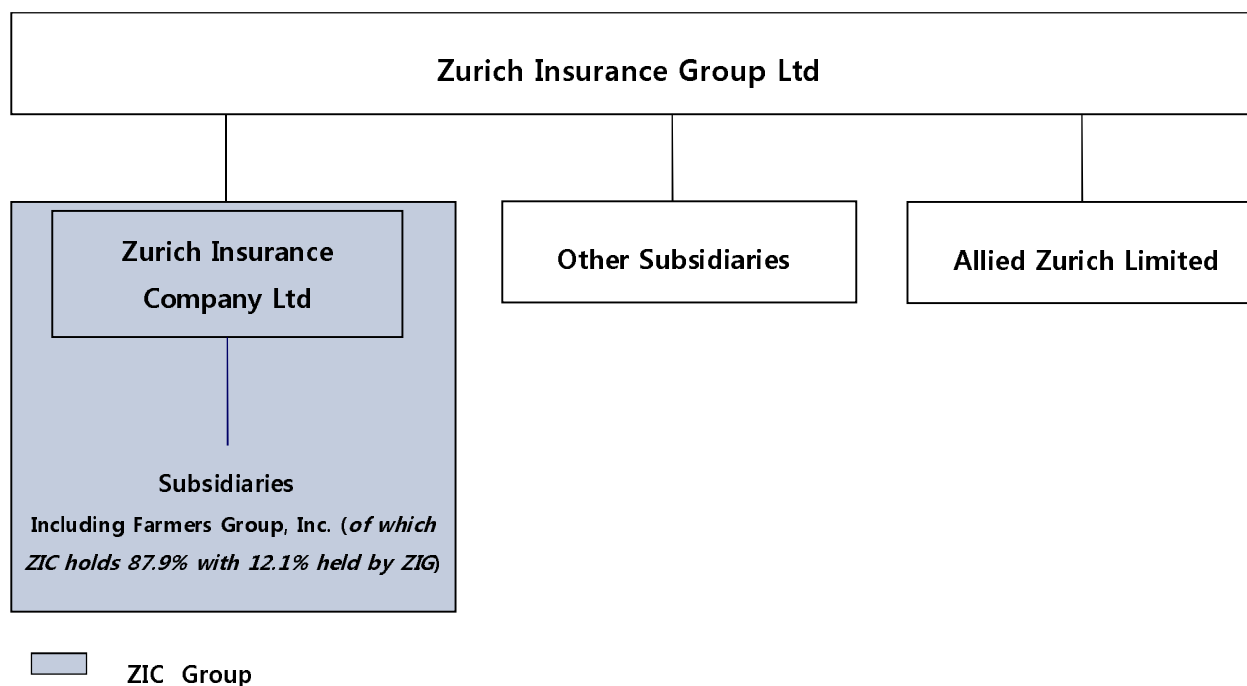
The net proceeds from each issue of Notes by ZHCA will be used either to refinance existing debt of Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

The net proceeds from each issue of Notes by ZF (Australia) will be used either to refinance existing debt of the Zurich Insurance Group or, alternatively, for general corporate purposes, in each case outside Switzerland unless use and to the extent in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

ZURICH INSURANCE COMPANY LTD

GENERAL INFORMATION

Overview of the ZIC Group structure



ZIC is a Swiss stock corporation (*Aktiengesellschaft*) according to the Swiss Code of Obligations and regulated according to Swiss insurance law and regulation. ZIC was incorporated in the commercial register of the Canton of Zurich, Switzerland on 16 July 1884. Its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland (telephone: +41 44 625 25 25) and its registered number is CHE-105.833.114. The purpose of ZIC is to conduct all kinds of insurance and reinsurance businesses, except for direct life insurance business. The fiscal year of ZIC begins on 1 January and ends on 31 December of each year.

The ZIC Group is a provider of insurance products and related services. The ZIC Group mainly operates in Europe, North America, Latin America and Asia Pacific through subsidiaries, branch and representative offices.

ZIC is owned by ZIG, the ultimate parent company of the ZIC Group. ZIG is a Swiss stock corporation (*Aktiengesellschaft*) according to the Swiss Code of Obligations and is incorporated in Zurich, Switzerland. Its registered office is at Mythenquai 2, CH-8002 Zurich, Switzerland and its registered number is CHE-101.236.480. ZIG is listed on the SIX Swiss Exchange (ZURN) and has a level I American Depositary Receipt (ZURVY) programme, which is traded over-the-counter on the OTCQX.

Share Information

The share capital of ZIC amounts to CHF 825,000,000, divided into 82,500,000 issued and fully paid registered shares with a par value of CHF 10 each. The transfer of shares is subject to the board of directors' consent. The board of directors may further delegate such consent.

On 4 April 2018, the annual general meeting of ZIC approved the partial repayment to ZIG of an existing subordinated loan in the amount of CHF 2.7 billion on 10 April 2018 instead of an ordinary dividend in respect of the financial year 2017. In 2017, ZIC paid an ordinary dividend of CHF 2.3 billion in respect of the financial year 2016. In 2016, ZIC paid an ordinary dividend of CHF 1.4 billion in respect of the financial year 2015.

Notices

Notices are given by ZIC by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). Notices to shareholders are given by ZIC by ordinary mail to the addresses registered in the share register unless otherwise provided by law or the articles of incorporation of ZIC.

Business and Strategy

The ZIC Group's strategy is derived from Zurich Insurance Group's strategy announced in November 2016. Building on its solid foundations, the ZIC Group seeks to increase profitability and consolidate its position as a leading global underwriter for property and casualty, and life insurance by enhancing commercial capabilities and developing a more focused retail proposition. The ZIC Group aims to expand customer relationships, simplify its business and significantly reduce costs. The ZIC Group also seeks to enhance its offerings to individuals by monitoring and aiming to increase customer satisfaction and retention.

The Structure of the ZIC Group

The business structure of the ZIC Group is focused on geographic regions in the ZIC Group's core businesses of Property and Casualty (P&C) and Life insurance, comprising Asia Pacific, Europe, Middle East and Africa (EMEA), Latin America and North America, as well as Group Reinsurance.

The ZIC Group's other core business is Farmers. Farmers Group, Inc. and its subsidiaries ("FGI"), provide certain non-claims administrative and management services to the Farmers Exchanges. FGI receives fee income for the provision of services to the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group, Inc. a wholly owned subsidiary of ZIG. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S. This business also includes all reinsurance assumed from the Farmers Exchanges by the ZIC Group and Farmers New World Life.

In addition to these core businesses described above, the ZIC Group comprises "Group Functions and Operations" and "Non-Core Businesses". Group Functions and Operations predominantly consist of the ZIC Group's Holding and Financing and Headquarters activities. Non-Core Businesses include insurance and reinsurance businesses that the ZIC Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. Non-core businesses are mainly situated in the U.S., Bermuda and the UK.

The current reporting structure has been reflected in the consolidated financial statements beginning 1 January 2017 with prior year comparative figures revised accordingly.

The ZIC Group Key Financial Information

in USD millions	As at or for the year ended 31 December 2017 (audited)	As at or for the year ended 31 December 2016 as restated ¹ (unaudited)	Restatement ¹ (unaudited)	As at or for the year ended 31 December 2016 as previously reported (audited)
Gross written premiums and policy fee	49,114	50,615	0	50,615
Net written premiums and policy fees	41,136	42,772	0	42,772
Net investment result on Group investments	7,248	7,037	(11)	7,048
Net income before income taxes	5,463	5,031	0	5,031
Net income after taxes attributable to shareholders	3,257	2,911	0	2,911
Total investments	315,134	308,850	(7,129)	315,979
Liabilities for insurance contracts	261,335	239,684	1,043	238,641
Shareholders' equity	31,969	29,363	0	29,363

¹ Amounts for consolidated total investments as of 31 December 2016 have been retrospectively restated for a change in presentation as from 1 January 2017 on and relating to the presentation of cash and cash equivalents, and consolidated liabilities for insurance contracts as of 31 December 2016 have been retrospectively restated for a change in presentation as from 1 January 2017 on and relating to the presentation of insurance related assets/liabilities. These amounts are unaudited.

Subsequent Events

First Quarter Update

On 9 May 2018, ZIG published an update for the three months ended 31 March 2018.

Notice of early redemption of CHF 500 million of undated subordinated notes

On 17 April 2018, ZIC announced that it intended to exercise its option to redeem at the first call date on 16 May 2018 CHF 500 million of undated subordinated notes, issued in 2011.

Placement of USD 500 million of Dated Subordinated Notes

On 17 April 2018 it was announced that ZIC had completed the placement of USD 500 million of dated subordinated notes which will mature in June 2048 and are first callable in June 2028. The coupon is fixed at 5.125% until the first call date.

ZIG Share Buyback Programme

On 10 April 2018, ZIG announced the launch on 11 April 2018 of a public share buy-back programme for cancellation purposes in the amount of up to 1.74 million ZIG shares.

2017 Dividend payment

On 4 April 2018, the ZIG Annual General Meeting approved a dividend of CHF 18.00 per share. This dividend was paid out starting 10 April 2018 partially out of the available earnings and partially out of the capital contribution reserve.

Acquisition of Operations in Latin America

On 25 February 2018, ZIG announced the entry into an agreement to acquire the operations of Australian insurer QBE Insurance Group Limited (QBE) in Latin America for a total aggregate price of USD 409 million, subject to closing adjustments and to regulatory approvals.

Placement of USD 500 million of Dated Subordinated Notes

On 14 February 2018 it was announced that ZIC had completed the placement of USD 500 million of dated subordinated notes which will mature in October 2048 and are first callable in October 2028. The coupon is fixed at 4.875% until the first call date.

Early redemption of USD 500 million of perpetual capital notes

On 18 January 2018, ZIC exercised its option to redeem USD 500 million of perpetual capital notes, issued in 2012. The perpetual capital notes were redeemed at par plus accrued interest.

Amendments to and implementation of new accounting standards

The following are new accounting standards or amendments to and interpretations of standards relevant to the ZIC Group that have been implemented from the financial year beginning 1 January 2018, with no material impact on the ZIC Group's financial position or performance. In addition to the standards and amendments listed below, the ZIC Group also incorporated amendments resulting from the IASB annual improvements project, which relate primarily to disclosure enhancements.

- IFRS 15 "Revenue from Contracts with Customers" will be effective on or after 1 January 2018.
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" will be effective on or after 1 January 2018.
- Amendments to IFRS 4 "Applying IFRS 9 with IFRS 4" will be effective on or after 1 January 2018.¹
- Amendments to IAS 40 "Transfers of Investment Property" will be effective on or after 1 January 2018.
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" will be effective on or after 1 January 2018.

The following are new accounting standards or amendments to and interpretations of standards relevant to the ZIC Group, which are not yet effective and are not expected to have a material impact on the ZIC Group's financial position or performance, unless stated otherwise.

- IFRS 16 "Leases"² will be effective on or after 1 January 2019.
- IFRIC 23 "Uncertainty over Income Tax Treatments" will be effective on or after 1 January 2019.
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" will be effective on or after 1 January 2019.
- IFRS 9 "Financial Instruments"³ will be effective on or after 1 January 2021.⁴
- IFRS 17 "Insurance Contracts"⁵ will be effective on or after 1 January 2021.

¹ Following the amendment to IFRS 4 "Applying IFRS 9 with IFRS 4" issued in September 2016 that allows qualifying insurance companies to defer the implementation of IFRS 9 "Financial Instruments" up to January 2021, the ZIC Group concluded that it is eligible for this temporary deferral and the applicable effective date was updated from January 2018 to January 2021.

² The ZIC Group expects the new standard to impact the accounting of contracts where it acts as a lessee (and intermediate lessor) especially on real estate which is not expected to have a material impact on the total amount of assets and liabilities.

³ Expected to result in a significant portion of financial assets currently classified as available-for-sale being classified as at fair value through profit or loss. Credit allowances for financial assets carried at amortised cost and debt securities measured at fair value, with changes in fair value recognised in other comprehensive income, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets might be classified as at fair value through profit or loss under the fair value option.

⁴ As per footnote 1 above.

⁵ IFRS 17 'Insurance contracts' was published on 18 May 2017 with the effective date of 1 January 2021 (retrospective application). IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk

- Amendments to IFRS 9 “Prepayment Features with Negative Compensation” will be effective on or after 1 January 2021.

adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross written premium will no longer be presented in profit or loss.

Board of Directors of ZIC

<u>Name</u>	<u>Nationality</u>	<u>Function</u>	<u>Principal Occupation</u>
Michael M. Liès	Luxembourg	Chairman of the Board	<p>Skills and experience</p> <p>Michel Liès has forty years' experience in global insurance and reinsurance, life insurance, and property and casualty insurance. He has held a number of positions in the industry, including Group CEO of Swiss Re. He began his career at the reinsurer in 1978, working first in the life market in Latin America before moving to Europe in 1983, where he held a number of senior positions within Swiss Re's life businesses. In 1994 he moved into Swiss Re's non-life sector, with responsibility for southern Europe and Latin America. From 1998 he served as Swiss Re's Head of Latin America Division until 2000, when he was appointed Head of the Europe Division of its Property & Casualty Business Group. In 2005 he became Swiss Re's Head Client Markets with responsibility for client relationships worldwide, and was also appointed as a member of the reinsurer's Group Executive Committee. From 2011 to 2012 Mr. Liès served as Swiss Re's Chairman of Global Partnerships, which works with governments, international development bodies and non-governmental organizations (NGOs) to mitigate and address global risks and increase resilience. He was appointed Swiss Re's Group CEO in February 2012 and served in that role until his retirement from Swiss Re in 2016. He became Chairman of the Board of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2018.</p> <p>Committee membership</p> <p>Governance, Nominations and Corporate Responsibility Committee (Chairman), Remuneration Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>None</p> <p>Educational background</p> <p>Mr. Liès holds a master's degree in mathematics from the Swiss Federal Institute of Technology in Zurich (ETH).</p>
Christoph Franz	Swiss and German	Vice-Chairman of the Board	<p>Skills and experience</p> <p>Christoph Franz started his professional career in 1990 at Deutsche Lufthansa AG. From 1994 until 2003 he held different executive functions at Deutsche Bahn AG, including as member of the executive board and CEO of the passenger transport division. In 2004 he became CEO of Swiss International Air Lines Ltd, and in 2009 was promoted to the role of deputy chairman of the executive board of Deutsche Lufthansa AG and CEO Passenger Airlines. From 2011 to 2014, Mr. Franz was chairman of the executive board and CEO of Deutsche Lufthansa AG. He became a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2014. He was elected Vice-Chairman in April 2018.</p>

			<p>Committee membership</p> <p>Remuneration Committee (chairman), Governance, Nominations and Corporate Responsibility Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>Mr. Franz was elected chairman of the board of Roche Holding Ltd in March 2014. He is also a member of the board of directors of Stadler Rail. Mr. Franz serves as a member of the board of trustees of the Ernst-Goehner-Foundation, of Avenir Suisse and of the Lucerne Festival and is a member of the advisory board of the University of St. Gallen (HSG). He was named as an honorary professor of business administration at the University of St. Gallen in May 2017. In September 2017, the International Committee of the Red Cross (ICRC) appointed Mr. Franz as a member of its Assembly, the organization's top governing body.</p> <p>Educational background</p> <p>Mr. Franz studied industrial engineering at the Technical University Darmstadt (Germany) and completed his studies with a Ph.D. in economic sciences (Dr. rer. pol.) at the same university. He also studied at the Ecole Centrale de Lyon (France) and conducted post-doctorate research at the University of California, Berkeley.</p>
Joan Amble	American	Member of the Board	<p>Skills and experience</p> <p>Joan Amble has substantial financial industry experience. She started her professional career as an accountant with Ernst & Ernst (currently Ernst & Young) in 1977. From 1984 to 1989 she served at the Financial Accounting Standards Board (FASB), specializing in pensions, derivatives and other financial instruments. She then spent 14 years with the General Electric Company (GE) in various leadership roles, including CFO GE Real Estate, COO and CFO GE Capital Markets, and as vice president and chief accounting officer GE Financial Services. From 2004 to May 2011, Ms. Amble served as executive vice president and principle accounting officer, and until the end of 2011 as executive vice president, Finance, of the American Express Company. In December 2011, Ms. Amble completed a four-year term as a member of the Financial Accounting Standards Advisory Council (FASAC). She has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.</p> <p>Committee membership</p> <p>Risk and Investment Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>Ms. Amble is a member of the board of Sirius XM Satellite Radio, where she chairs the audit committee. In addition, she is a member of the board and the audit committee at Booz Allen Hamilton. In January 2015, Ms. Amble was appointed to the Public Company Accounting</p>

			<p>Oversight Board's Standing Advisory Group, which advises on the development of auditing and professional practice standards. Since October 2016, Ms. Amble has been an independent adviser to the Control and Risk Committee of the Executive Committee of the U.S. affiliate of Société Générale S.A., a French multinational banking and financial services company. She is also involved in developing women in business, including as chair emeritus and co-founder of W.O.M.E.N in America, LLC and through her various speaking engagements. Ms. Amble also participates in forums and speaks on corporate governance.</p> <p>Educational background</p> <p>Ms. Amble received a Bachelor of Science in accounting from The Pennsylvania State University, and later became a certified public accountant (currently inactive).</p>
Catherine Bessant	American	Member of the Board	<p>Skills and experience</p> <p>Catherine Bessant is chief operations and technology officer at Bank of America and a member of the Bank of America's executive management team. Since joining Bank of America in 1982 as a corporate banker, she has held numerous senior leadership positions within that company: president of Global Product Solutions and Global Treasury Services; chief marketing officer; president of Consumer Real Estate and Community Development Banking; national Small Business Segment executive; and market president of Bank of America, Florida. Prior to being appointed to her current position, Ms. Bessant served as president of Global Corporate Banking. Ms. Bessant has led Bank of America's Global Technology and Operations since 2010. In that role she is responsible for end-to-end technology and operating services across the company, overseeing nearly 95,000 employees and contractors in more than 35 countries. She became a member of the Board of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in March 2017.</p> <p>Committee membership</p> <p>Remuneration Committee, Audit Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>Ms. Bessant is on the advisory board of the Ross School of Business at the University of Michigan. She previously served 16 years on the board of directors of Florida Blue, formerly Blue Cross Blue Shield of Florida, including serving as lead independent director.</p> <p>Educational background</p> <p>Ms. Bessant holds a Bachelor of Business Administration from the University of Michigan Ross School of Business.</p>
Dame Alison Carnwath	British	Member of the Board	<p>Skills and experience</p> <p>Dame Alison Carnwath has substantial financial industry experience. She began her career with Peat Marwick Mitchell, now KPMG, where she practiced as a chartered accountant from 1975 to 1980. From 1980 to 1982, she</p>

			<p>worked as a corporate financier for Lloyds Bank International. From 1982 to 1993, she was assistant director, then director, at J. Henry Schroder Wagg & Co in London and New York. From 1993 to 1997, Ms. Carnwath was a senior partner at the financial advisory firm Phoenix Partnership. The firm was taken over by Donaldson, Lufkin & Jenrette (DLJ) in late 1997; she continued working for DLJ until 2000. Ms. Carnwath has held several board offices. From 2000 to 2005, she was the chairman of the board of Vitec Group plc, from 2001 to 2006 a director of Welsh Water, from 2004 to 2007 of Friends Provident plc, from 2004 to 2007 of Gallaher Group and from 2007 to 2010, she was the independent chairman of MF Global Inc. She also served on the boards of directors of Barclays from 2010 to 2012, and of Man Group plc from 2001 to 2013. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2012.</p> <p>Committee membership</p> <p>Audit Committee (chairman), Governance, Nominations and Corporate Responsibility Committee, Risk and Investment Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>Ms. Carnwath has been a senior advisor of Evercore Partners since 2011. She has been chairman of the board of Land Securities Group plc since 2008 and a member of the board of PACCAR Inc. since 2005. In September 2013, she was appointed to the advisory council of the St. George's Society of New York. Since May 2014 she has been a member of the supervisory board of BASF SE and Chairman of the Audit Committee of BASF SE.</p> <p>Educational background</p> <p>Ms. Carnwath graduated in economics and German from the University of Reading. She was awarded honorary doctorates (LLB) from the University of Reading and the University of Exeter.</p>
Jeffrey Hayman	American	Member of the Board	<p>Skills and experience</p> <p>Mr. Hayman began his career as a claims representative in the property and casualty department of Travelers Companies in the U.S. in 1983, where he later held several positions. In 1998 he joined AIG as regional vice president, personal lines at AIU Far East in Japan. Beginning in 2003, he held various leadership positions within AIG, including as chairman of AIU Insurance Company in Japan and president and CEO of AIU Far East Holdings, Japan and Korea. From 2009 to 2011, Mr. Hayman served as senior vice president and chief administrative officer, and from 2011 to 2013 as executive vice president and CEO, Global Consumer Insurance, at AIG. In 2013 he served as president of international insurance operations at Starr Companies. He then became an independent consultant and advisor. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.</p>

			<p>Committee membership</p> <p>Risk and Investment Committee (chairman), Governance, Nominations and Corporate Responsibility Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>None</p> <p>Educational background</p> <p>Mr. Hayman holds an MBA in finance from the University of Hartford, Barney School of Business and Public Administration, West Hartford, and a bachelor's degree in arts, economics and political science from Saint Olaf College, Northfield. He is a chartered life underwriter and a chartered financial consultant.</p>
Monica Mächler	Swiss	Member of the Board	<p>Skills and experience</p> <p>Monica Mächler has substantial legal, regulatory and governance expertise in a national and international context. She served as vice-chair of the board of directors of the integrated Swiss Financial Market Supervisory Authority (FINMA) from 2009 to 2012, after having been the director of the Swiss Federal Office of Private Insurance from 2007 to 2008. From 2010 to 2012, Ms. Mächler chaired the Technical Committee of the International Association of Insurance Supervisors (IAIS). She assumed the roles of Group General Counsel and Head of the Board Secretariat of Zurich Insurance Group from 1999 to 2006 and was appointed a member of the Group Management Board in 2001 after joining in 1990. During the years 1985 to 1990 she was in private practice specializing in banking and business law. Ms. Mächler has been a member of several Swiss federal expert commissions on regulatory projects and regularly speaks, lectures and publishes on matters related to international business law and regulation, and their impact. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2013.</p> <p>Committee membership</p> <p>Governance, Nominations and Corporate Responsibility Committee, Audit Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>Ms. Mächler has been a member of the supervisory board of directors of Deutsche Börse AG since May 2012 and since April 2015 a member of the board of directors of Cembra Money Bank AG. Further, she has been a member of the board of directors of GAM Holding AG since April 2018. She also chairs the advisory board of the International Center for Insurance Regulation at the Goethe University Frankfurt am Main and serves on the boards of the Stiftung für schweizerische Rechtspflege and of the Europa Institut at the University of Zurich.</p>

Kishore Mahbubani	Singapore	Member of the Board	<p>Skills and experience</p> <p>Kishore Mahbubani began his career in 1971 as a diplomat with the Singapore Foreign Service, in which he served until 2004, with postings in Cambodia, Malaysia, Washington D.C. and New York. He served two postings as Singapore’s ambassador to the UN and as President of the UN Security Council in January 2001 and May 2002. Mr. Mahbubani was permanent secretary of the Singapore Foreign Ministry from 1993 to 1998. He served as dean at the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from its founding in 2004 until end of 2017. He continues to be a professor in the practice of public policy at the NUS. He has spoken and has published extensively on geopolitical and economic issues. In 2013 the Financial Times chose one of his books, ‘The Great Convergence: Asia, the West and the Logic of One World,’ as one of the best books about economics in that year. His latest book, ‘The ASEAN Miracle,’ was published in March 2017. He has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.</p> <p>Committee membership</p> <p>Remuneration Committee, Risk and Investment Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>In September 2017 he was appointed non-executive chairman of the board of Aggregate Asset Management. Since January 2016 he has also been an independent director of the board of Wilmar International Limited, Singapore. In addition, he serves on boards and councils of several institutions in Singapore, Europe and North America, including Yale’s President’s Council on International Activities (PCIA), the University of Bocconi International Advisory Committee, the World Economic Forum’s Global Agenda Council on Geo-economics, and as chairman of the Lee Kuan Yew World City Prize Nominating Committee.</p> <p>Educational background</p> <p>Mr. Mahbubani graduated with a first-class honors degree in philosophy from the University of Singapore and an M.A. in philosophy from Dalhousie University, Canada, where he was also awarded an honorary doctorate.</p>
David Nish	British	Member of the Board	<p>Skills and experience</p> <p>Mr. Nish started his professional career in 1981 at Price Waterhouse (now PWC) in the UK, where he served as an audit and transaction partner from 1993 to 1997. In 1997, he joined ScottishPower plc as deputy finance director, and in 1999 he was promoted to group finance director, a role he held until 2005 when he became executive director responsible for the division operating ScottishPower’s regulated transmission and distribution business. In 2006, Mr. Nish became group finance director at global investment management and life insurance group Standard Life plc, and was promoted to</p>

		<p>group CEO of Standard Life plc in 2010, a position he held until 2015. He has also served as deputy chairman of the Association of British Insurers, and as a member of TheCityUK board advisory committee, and as a member of the financial services advisory board of the Scottish government. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.</p> <p>Committee membership</p> <p>Audit Committee, Risk and Investment Committee</p> <p>Other directorships within the Zurich Insurance Group</p> <p>Zurich Insurance Group Ltd</p> <p>External appointments</p> <p>David Nish is a non-executive director of HSBC Holdings plc, Vodafone Group plc and of the London Stock Exchange Group plc. He is a member of the Council of the Institute of Chartered Accountants of Scotland. His former appointments include non-executive directorships at UK Green Investment Bank plc, HDFC Life (India), Northern Foods plc, Thus plc, and the Royal Scottish National Orchestra.</p> <p>Educational background</p> <p>Mr. Nish holds a bachelor's degree in accountancy from the University of Glasgow and is a chartered accountant with the Institute of Chartered Accountants of Scotland.</p>
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The business address of each member of the Board of Directors is Mythenquai 2, CH-8002 Zurich, Switzerland.

The Board of Directors consists entirely of directors who are non-executive, independent from the management and who – except for Monica Mächler – have never held an executive position in the Zurich Insurance Group. Monica Mächler held an executive position until 2006 and was elected in 2013 as a non-executive board member. According to the guidelines of the Swiss Code of Best Practice for Corporate Governance, she is considered independent.

All directors also serve on the Board of Directors of ZIG. As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties of any member of the Board of Directors of ZIC owed to ZIC and their private interests and/or other duties. If a potential conflict arises in the future, it would be subject to the applicable provisions of Swiss company law and the organisational rules of ZIC relating to proceedings at meetings of the Board of Directors.

Executive Committee of ZIC

<u>Name</u>	<u>Nationality</u>	<u>Function</u>
Mario Greco	Italian	Group Chief Executive Officer
Urban Angehrn	Swiss	Group Chief Investment Officer
Jeff Dailey	U.S. American	CEO of Farmers Group, Inc.
Claudia Dill	Swiss	CEO Latin America
Jack Howell	U.S. American	CEO Asia Pacific
Alison Martin	British	Group Chief Risk Officer
George Quinn	British	Group Chief Financial Officer
Kathleen Savio	U.S. American	CEO North America

Gary Shaughnessy	British	CEO EMEA (Europe, Middle East & Africa)
James Shea	Canadian	CEO Commercial Insurance
Kristof Terryn	Belgian	Group Chief Operating Officer

On 5 April 2018, it was announced that Gary Shaughnessy will step down from his role as Chief Executive Officer Europe, Middle East & Africa (EMEA) and as a member of Zurich's Executive Committee in the fourth quarter of 2018. Amanda Blanc (a British citizen) will succeed Mr. Shaughnessy as CEO EMEA and as a member of the Executive Committee in the fourth quarter of 2018.

The business address of each member of the Executive Committee of ZIC is Mythenquai 2, CH-8002 Zurich, Switzerland. As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties of any member of the Executive Committee of ZIC owed to ZIC and their private interests and/or other duties. If a potential conflict arises in the future, it would be subject to the applicable provisions of Swiss company law and the organisational rules of ZIC relating to proceedings at meetings of the Executive Committee of ZIC.

Regulation

ZIC conducts its operations in Switzerland under operating licenses for all lines of general insurance business. The operations of ZIC are subject to continued supervision by the Swiss Financial Market Supervisory Authority ("FINMA") based on the Swiss ISA (as defined on page 12) that came into force on 1 January 2006. Under Swiss law, risk-based capital requirements (target capital) under the SST (as defined on page 12) were introduced on 1 January 2011, similar to the Solvency II regime in the European Union ("EU"). Under the SST regime, Swiss insurance companies must always maintain risk-bearing capital exceeding the amount of the calculated target capital. Where required by bilateral treaty, Swiss insurance companies must furthermore maintain a "solvency margin" in accordance with Solvency I, similar to the EU solvency margin regime ("Solvency I"). The only bilateral treaty in force is the "Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than life insurance", still requiring the application of Solvency I for the General Insurance business. Swiss insurers also have to maintain tied assets that secure all known and estimated liabilities of the insurance company vis-à-vis the insured arising out of insurance contracts. The law requires Swiss supervised insurance companies and groups to maintain a risk management system appropriate to its business activities and to establish effective internal control systems. It also requires every Swiss insurance company to designate an appointed actuary who has to provide certain reports to management. Swiss law further introduces rules regarding the supervision of insurance groups and insurance conglomerates. These include the requirement to calculate a group solvency margin as well as a group risk based capital based on an internal model. The reporting of intra-group transactions is also required. Under the group supervision rules and based on a FINMA decree of 28 December 2011 the Zurich Insurance Group qualifies as an insurance group.

The different insurance and financial services subsidiaries of the Zurich Insurance Group are supervised by their relevant local regulators and may be subject to regulatory restrictions on the amount of dividends, cash loans and advances which can be remitted to ZIC or ZIG respectively.

LEGAL, COMPLIANCE AND REGULATORY DEVELOPMENTS, PROCEEDINGS AND INVESTIGATIONS

Legal Compliance and Regulatory Developments

In recent years there has been an increase in the number of legislative initiatives that require information gathering and tax reporting regarding the Zurich Insurance Group's customers and their contracts, including FATCA (as defined on page 14), and the expected introduction of other automatic tax information exchange regimes based on the CRS (as defined on page 21). The Zurich Insurance Group's compliance activities in this area could result in higher compliance costs, remedial actions and other related expenses for its life insurance, savings and pension business. There has also been increased scrutiny by various tax and law enforcement officials regarding cross-border business activities, including in particular by U.S. government authorities looking into activities of U.S. taxpayers with investments held outside the United States and activities of non-U.S. financial institutions that hold such investments.

The Zurich Insurance Group, on its own initiative, undertook an internal review of the life insurance, savings and pension business sold by its non-U.S. operating companies with relevant cross-border business to customers with a nexus to the United States. The Zurich Insurance Group engaged outside counsel and other advisors to assist in this review, which was focused on assessing compliance with relevant U.S. tax laws. The review confirmed that the Zurich Insurance Group's cross-border business with U.S. persons was very limited and of a legacy nature, with the large majority of sales having occurred more than a decade ago. The review also confirmed that the Zurich Insurance Group's U.S. operating companies were not involved in or connected to those activities.

The Zurich Insurance Group has voluntarily disclosed the results of the review and the regulatory issues presented by sales to U.S. residents to FINMA, the U.S. Department of Justice and other authorities. The Zurich Insurance Group is cooperating with these authorities.

While at this stage in the process, it is unclear whether the ZIC Group will have any liability related to these matters, the ZIC Group does not currently believe this matter will have a material adverse effect on the ZIC Group's business or the ZIC Group's consolidated financial condition.

Legal Proceedings and Regulatory Investigations

The Zurich Insurance Group's business is subject to extensive supervision, and the Zurich Insurance Group is in regular contact with various regulatory authorities. The Zurich Insurance Group is continuously involved in legal proceedings, claims and regulatory investigations arising, for the most part, in the ordinary course of its business operations.

General

While the ZIC Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the ZIC Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved.

ZURICH FINANCE (LUXEMBOURG) S.A.

Zurich Finance (Luxembourg) S.A. was incorporated on 19 May 1999, and operates under the Luxembourg law dated 10 August 1915 concerning commercial companies, as amended, as a public limited liability company (*société anonyme*). It is registered with the Luxembourg trade and companies register under number B.69.748. The registered office of ZF (Luxembourg) is at 21 rue Léon Laval, L-3372, Leudelange, Luxembourg and its telephone number is +352 26 64 26 34. ZF (Luxembourg) has no subsidiaries.

ZF (Luxembourg) is a wholly owned subsidiary of ZIC.

On 9 May 2016, ZF (Luxembourg) completed a merger with Zurich Group Funding Luxembourg S.A. (“ZGF”), with ZF (Luxembourg) as the surviving entity following the merger. ZGF, which was incorporated in Luxembourg, was a subsidiary of ZIC which provided certain financing services to the ZIC Group and conducted no other business nor had any employees. The total assets and liabilities of ZGF amounted to EUR 2,236,000, and, under the terms of the merger, ZF Luxembourg issued to ZGF shareholders 9,699 ordinary shares, each with a par value of EUR 100, together with the payment of a share premium amounting to EUR 1,266,100.

The subscribed and fully paid up capital of ZF (Luxembourg) is EUR 3,020,700 divided into 30,207 ordinary shares in registered form, each with a par value of EUR 100.

ZF (Luxembourg) is a group financing company and it is not engaged in and does not propose to engage in any activity other than issuing the Notes and entering into other financing transactions.

In general, ZF (Luxembourg) may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate purposes.

The corporate objects of ZF (Luxembourg) are primarily to raise finance for members of the ZIC Group.

The members of the Board of Directors of ZF (Luxembourg) are:

<u>Name</u>	<u>Function</u>	<u>Business Address</u>
Andreas Bergandt	Director	Saumstrasse 25, CH-8003 Zurich, Switzerland
Ann Marie Callanan	Director	Ardleigh, Two Mile Borris, Thurles Co. Tipperary Ireland
Xavier Nevez	Director	21 rue Léon Laval, L-3372, Leudelange, Luxembourg

As of the date of this Base Prospectus, no member of the Board of Directors of ZF (Luxembourg) has any conflicts of interests between his duties to ZF (Luxembourg) and his private interests and other duties. If a potential conflict arises in the future, it would be subject to the provisions in the articles of association relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (Luxembourg) begins on 1 January and terminates on 31 December of each year.

ZURICH FINANCE (UK) PLC

Zurich Finance (UK) plc (“ZF (UK)”) is a wholly owned subsidiary of Allied Zurich Holdings Limited (a company registered in Jersey, Channel Islands, under number 71060, which in turn is a subsidiary of ZIC). ZF (UK) operates and was incorporated and registered in England and Wales on 18 June 2002 under the Companies Act 1985 as a public limited company with company number 4463547. The registered office of ZF (UK) is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX and its telephone number is +44 (0)1793 514514. ZF (UK) has no subsidiaries. ZF (UK) is a group financing company and does not propose to engage in any activity other than issuing the Notes and entering into other financing transactions.

ZF (UK)’s authorised share capital is GBP 50,000,000, divided into 50,000,000 ordinary shares of GBP 1.00 each. The issued and fully paid up capital of ZF (UK) is GBP 50,000 divided into 50,000 shares of GBP 1.00 each.

The primary purpose of ZF (UK) is to raise capital to finance the operations of members of the Zurich Insurance Group

The members of the Board of Directors of ZF (UK) are:

<u>Name</u>	<u>Function</u>	<u>Business Address</u>
Christian Carl	Executive Director and Chairman	Mythenquai 2, 8002 Zurich, Switzerland
Aileen Mathieson	Executive Director	Tricentre One, New Bridge Square, Swindon, SN1 1HN
Helen Pickford	Executive Director	Tricentre One, New Bridge Square, Swindon, SN1 1HN

As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties owed by any member of the Board of Directors of ZF (UK) to ZF (UK) and his private interests or other duties. If a potential conflict arises in the future, it would be subject to the provisions of the articles of association relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (UK) begins on 1 January and terminates on 31 December of each year.

ZURICH HOLDING COMPANY OF AMERICA, INC.

GENERAL INFORMATION

Zurich Holding Company of America, Inc. (“ZHCA”) was incorporated in the state of Delaware, USA, on 22 September 1980 as a for profit corporation for an unlimited duration under the Delaware General Corporation Law. The registered office of ZHCA in Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA. ZHCA is registered with the Delaware Secretary of State under number 0899665. ZHCA’s corporate offices are located at 1299 Zurich Way, Schaumburg, IL 60196, USA (telephone number +1 847-605-6000).

Share capital and shareholding

ZHCA is a for profit corporation and is an indirect wholly-owned subsidiary of ZIG and ZIC. ZHCA is authorised to issue 50,000 common shares all of which are without par value. Its issued share capital as at the date of this Base Prospectus is \$20,308.

Article 6 of the by-laws of ZHCA regulates the transferability of ZHCA's shares.

Group structure

ZHCA is 100 per cent indirectly owned by ZIG, and therefore ZHCA and its subsidiaries are members of the Zurich Insurance Group. ZIG is a publicly traded Swiss holding company listed on the SIX Swiss Exchange.

To the extent known to ZHCA, there are no arrangements which may at a subsequent date result in a change in control of ZHCA.

Financial information

Under the laws of ZHCA’s jurisdiction of incorporation, the financial statements of ZHCA are not required to be audited as at the date of this Base Prospectus.

ZHCA’s financial statements are therefore unaudited but conform to International Accounting Standards and to ZIG’s internal accounting policies. In particular, these financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, (“IFRS”) except that no notes have been prepared.

ZHCA’s consolidated unaudited financial information for the years ended 31 December 2017 and 2016 are incorporated by reference herein, and are accessible on the Luxembourg Stock Exchange, (www.bourse.lu).

Management

As at the date of this Base Prospectus, the board of directors of ZHCA (all of whom, except for Richard P. Kearns, are employees of ZHCA or some other entity within the Zurich Insurance Group) comprise:

Name	Title	Principal outside activity (if any) of significance to the Issuer/Zurich Insurance Group
Kathleen A. Savio	Chairperson	None
David Dietz	Director	None
Richard P. Kearns	Director	None
Dalynn J. Hoch	Director	None

The business address of Kathleen A. Savio, Richard P. Kearns and Dalynn J. Hoch is 1299 Zurich Way, Schaumburg, IL 60196. The business address of David Deitz is One Liberty Plaza, 150 Greenwich Street, New York, NY 10007.

Other than as disclosed above, none of the directors listed above has any significant principal activities outside ZHCA (or, as the case may be, the Zurich Insurance Group). To the extent known to ZHCA, there are no potential conflicts of interest between duties owed by the directors listed above to ZHCA (or, as the case may be, the Zurich Insurance Group) and their private interests or other duties.

ZHCA complies with all applicable rules relating to corporate governance in force from time to time under the laws of its state of incorporation, Delaware, USA.

Principal activities

The main activity of ZHCA is to act as the holding company for certain of ZIG's principal operating subsidiaries in the United States of America.

Pursuant to Article 3 of its Certificate of Incorporation, the purpose of ZHCA is to engage in any lawful act or activity for which a corporation may be organised under the General Corporate Law of Delaware.

ZHCA's two main operating insurance company subsidiaries are Zurich American Insurance Company Inc. ("**ZAIC**") and Zurich American Life Insurance Company ("**ZALICO**"). ZAIC is a commercial property-casualty insurance provider domiciled in New York. ZALICO is a life and disability insurance company domiciled in Illinois.

Zurich American Insurance Company

ZAIC is the lead company and ultimate parent of a group of wholly-owned property and casualty insurance companies based in the United States of America. ZAIC was incorporated under the insurance laws of the State of New York on 3 June 1998. All of the outstanding shares of ZAIC are owned by ZHCA.

ZAIC and its insurance subsidiaries contribute a substantial part of the worldwide general insurance premiums of ZIG and are integral to its international insurance strategy. As such ZAIC and its insurance subsidiaries market a variety of commercial property and casualty insurance products including professional liability and workers' compensation insurance, as well as risk management products and services, primarily through independent insurance agents and brokers, to domestic and international companies in all 50 states of the United States of America, the U.S. territories and foreign markets.

Central to ZAIC's business strategies are its customer-focused business units, which are supported by shared service units. These customer-focused business units operate through independent agents and brokers that have access to products and services through a nationwide network of four regional offices and 58 field offices.

ZAIC is divided into two business units:

- North America Commercial Insurance; and
- Alternative Markets.

North America Commercial Insurance:

North America Commercial Insurance is a new business unit formed on 1 January 2017 by combining the "Global Corporate in North America" and "North America Commercial" businesses. North America Commercial Insurance comprises five business segments: property, casualty, construction, middle markets and specialty products.

North America Commercial Insurance's core property and casualty lines provide a broad variety of insurance and risk management services including custom-tailored casualty programs to large customers with global exposures based in North America. The business unit also provides standard property and casualty and industry specific specialty lines for targeted customer industry segments.

Specialty Products offers insurance and risk management services, comprising coverage for emerging, potentially volatile and unique third-party liability exposures through five strategic business segments – (a) Accident and Health, (b) Casualty and Property, (c) Credit and Political Risk, (d) Management Solutions, and (e) Surety.

Alternative Markets:

Alternative Markets is a distinct business comprised of Programs, Direct Markets, Group Captives, and Crop that capitalises on its distinctive operating and distribution models to effectively deliver products and services that meet its customers' needs.

- Programs provides a variety of coverage including commercial auto, general liability, professional liability, excess liability and property exposures for various target businesses and industry segments.
- Direct Markets specialises in providing insurance for businesses that sell or service autos, trucks, motorcycles and equipment, and also provides insurance to auto recyclers. The business was started by a group of auto dealers in 1922.
- For more than 20 years, Zurich Group Captives has been delivering a wide range of services to member-owned, agency, association, and segregated portfolio captives.
- Zurich Crop (Doing business as: Rural Community Insurance Services or RCIS) provides insurance and customer-focused services through leading agents to protect America's farmers and ranchers through Rural Community Insurance Company.

Zurich American Life Insurance Company

ZALICO is a stock life insurance company founded in 1947. ZALICO is a wholly owned subsidiary of Zurich American Corporation, a non-operating holding company, which itself is fully owned by ZHCA. ZALICO is incorporated under the insurance laws of the State of Illinois and is licensed in the District of Columbia and all states of the United States of America, with the exception of New York. ZALICO has three operating segments - Affluent Markets Group ("**AMG**"), Corporate Life and Pensions ("**CLP**") and Private Placements (PP).

In late 2010, the company established a new subsidiary, Zurich American Life Insurance Company of New York ("**ZALICONY**"), to serve the New York market and was granted its license on 1 January 2012 from the New York State Department of Insurance. ZALICONY was capitalised by its parent, ZALICO, and ZALICO is its sole shareholder.

ZALICO and ZALICONY focus on growing the AMG, CLP and PP businesses. AMG products include universal life and term life products sold through independent life insurance brokers via wholesale distributors (i.e. brokerage general agencies). PP products include private placement universal life and private placement variable annuities sold through U.S. based private banking

groups and broker-dealer affiliated registered representatives/brokers. The CLP segment targets multinational corporations and offers group term life, long/short term disability and absence management services.

Payments in relation to Notes issued by ZHCA

It is anticipated that all scheduled payments of principal, premium (if any) and interest (and any additional amounts with respect thereto) due under any Notes issued by ZHCA will be made by ZHCA out of cash flow derived from the operations of the ZHCA and its subsidiaries.

ZURICH FINANCE (AUSTRALIA) LIMITED

Zurich Finance (Australia) Limited (“**ZF (Australia)**”) is a wholly owned subsidiary of ZIC. It operates and was incorporated and registered in Australia on 29 March 2017 under the Corporations Act 2001 of Australia as a public company, limited by shares with Australian Company Number (ACN) 618 177 423. The registered office of ZF (Australia) is 5 Blue Street, North Sydney 2060, New South Wales, Australia and its telephone number is +61 2 9995 1041. ZF (Australia) has no subsidiaries. ZF (Australia) is a group financing company and does not propose to engage in any activity other than issuing Notes and entering into other financing transactions.

The issued and fully paid up capital of ZF (Australia) is A\$1.00 comprising one share of A\$1.00 each.

The primary purpose of ZF (Australia) is to raise capital to finance the operations of members of the Zurich Insurance Group.

The members of the Board of Directors of ZF (Australia) are:

<u>Name</u>	<u>Function</u>	<u>Business Address</u>
Jose Rafael Uy	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia
Michael Vos	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia
Ashley Wilson	Director	5 Blue Street, North Sydney 2060, New South Wales, Australia

As at the date of this Base Prospectus, there are no potential conflicts of interests between the duties owed by any member of the Board of Directors of ZF (Australia) to ZF (Australia) and his or her private interests or other duties. If a potential conflict arises in the future, it would be subject to the provisions of the constitution of ZF (Australia) relating to proceedings at meetings of the Board of Directors.

The fiscal year of ZF (Australia) begins on 1 January and terminates on 31 December of each year.

FORM OF ZIC SENIOR GUARANTEE

This senior guarantee is made on the date of issue of the relevant tranche of notes as specified in the Schedule hereto between:

- (1) ZURICH INSURANCE COMPANY LTD of Mythenquai 2, CH-8002 Zurich, Switzerland, a company incorporated with limited liability under the laws of Switzerland (the “**Guarantor**”); and
- (2) CITICORP TRUSTEE COMPANY LIMITED, of 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, acting as trustee for the Noteholders (as defined below) (the “**Trustee**”, which expression shall, where the context so admits, include such company and all other persons or companies for the time being the trustee or trustees under the amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented (the “**Trust Deed**”), between, inter alia, the Guarantor, the Trustee and the Issuer (as defined below)).

WHEREAS

- (A) Zurich Finance (Luxembourg) S.A., Zurich Finance (UK) plc, Zurich Finance (Australia) Limited and Zurich Holding Company of America, Inc., as issuers, have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of Euro Medium Term Notes in an aggregate principal amount of up to USD18,000,000,000 (or its equivalent in other currencies).
- (B) The issuer specified in the Schedule hereto (the “**Issuer**”) proposes to issue the relevant tranche of notes described in the Schedule hereto (the “**Senior Notes**”) on the issue date specified in the Schedule hereto (the “**Issue Date**”).
- (C) The Guarantor has agreed to guarantee to the Trustee up to a specified maximum amount the obligations of the Issuer to pay principal, interest and all other amounts payable on all outstanding Senior Notes and under the Trust Deed (the “**ZIC Senior Guarantee**”) for the benefit of the Trustee and the holders of the Senior Notes (the “**Noteholders**”).

References in this ZIC Senior Guarantee to a “Condition” are to the corresponding condition of the “Terms and Conditions of the Senior Notes” as set out in Schedule 1 Part A of the Trust Deed. Capitalised terms that are not defined in this ZIC Senior Guarantee will have the meanings given to them in the Terms and Conditions of the Senior Notes.

Any references in this ZIC Senior Guarantee to Senior Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. In respect of Senior Notes which are in bearer form, any references to “Noteholders” shall, unless the context otherwise requires, include any holders of related Coupons.

1. GUARANTEE

(1) ZIC Senior Guarantee

The Guarantor hereby irrevocably and unconditionally undertakes in its capacity as primary obligor and not merely as a surety, pursuant to Art. 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Senior Notes and the Trust Deed and waiving all rights of set off and of objection and defence arising from the Senior Notes and the Trust Deed to pay to the Trustee, acting on behalf of the Noteholders, within seven days after the receipt by the Guarantor of the Trustee’s first written demand for payment and the Trustee’s confirmation in writing that an amount due under the Senior Notes or the Trust Deed which is equivalent to the amount claimed under this ZIC Senior Guarantee has remained unpaid on the due date (the last day of such period of seven days being hereinafter referred to as the “**Seventh Day**”), such amount upon the following terms:

- (a) (**Status**) This ZIC Senior Guarantee constitutes a direct, non-accessory, unconditional, unsubordinated and unsecured obligation of the Guarantor ranking (subject as aforesaid) *pari passu* with all its other outstanding unsecured and unsubordinated obligations, present and future, save for statutorily preferred exceptions, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights;
- (b) (**Maximum Aggregate Liability**) The maximum liability of the Guarantor under this ZIC Senior Guarantee (including, in particular, all amounts payable under Clause 3 of this ZIC Senior Guarantee and all other amounts payable under this ZIC Senior Guarantee) shall not exceed in aggregate [*insert currency and amount*] (the “**Specified Maximum Amount**”), calculated in accordance with Note 1 of this ZIC Senior Guarantee (and as set out in the applicable Pricing Supplement for the Senior Notes) which may not be reduced for so long as any sum remains payable under the Senior Notes.
- (c) (**Rights held by the Trustee**) All rights arising from this ZIC Senior Guarantee shall be held exclusively by the Trustee and no Noteholder may take action directly against the Guarantor under this ZIC Senior Guarantee unless the Trustee having become Noteholder Mandated to take action, fails to do so within a reasonable period and such failure is continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Guarantor as those which the Trustee is entitled to exercise.
- (d) (**Payments**) The Guarantor agrees that any payments to be made by it hereunder shall be made to or to the order of the Trustee in the place of payment and in the currency specified in the Schedule hereto in immediately available funds before close of business in that city on the Seventh Day and any such payment shall to that extent, satisfy the obligation of the Guarantor under this ZIC Senior Guarantee.

(2) Guarantor's Obligations Continuing

Subject to Clause 1(1)(b), the Guarantor's obligations under this ZIC Senior Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Senior Notes. Furthermore, the obligations of the Guarantor hereunder are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Issuer, any other person, any security or any other guarantee or indemnity.

(3) Exercise of Guarantor's Rights

So long as any sum remains payable by the Issuer under the Senior Notes, no right of the Guarantor, by reason of the performance of any of its obligations under this ZIC Senior Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. Until all amounts which may be or become payable in respect of the Senior Notes have been irrevocably paid in full, the Guarantor shall not by virtue of this ZIC Senior Guarantee be subrogated to any rights of the Trustee or any Noteholder or claim in competition with the Trustee or the Noteholders against the Issuer.

(4) Avoidance of Payments

Any settlement or discharge between the Guarantor and the Trustee in respect of this ZIC Senior Guarantee shall be conditional upon no payment to the Trustee or any Noteholder by the Issuer or any person on the Issuer's behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Trustee shall be entitled to recover from the Guarantor the amount by which such payment is so avoided or reduced as if such settlement or discharge had not occurred.

2. ACCEPTANCE

The Trustee accepts this ZIC Senior Guarantee in its capacity as trustee for the Noteholders. Subject to Clause 1(1)(b), the Guarantor agrees to be bound by the provisions of Condition 8 (*Taxation*) as if set out in full in this ZIC Senior Guarantee.

3. CURRENCY INDEMNITY

(1) Currency of Account and Payment

The currency of the Senior Notes (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with this ZIC Senior Guarantee, including damages.

(2) Extent of Discharge

Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of the enforcement of a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Guarantor or otherwise), by the Trustee in respect of any sum expressed to be due to it from the Guarantor will only discharge the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that day, on the first date on which it is practicable to do so).

(3) Indemnity

If the Contractual Currency amount so purchased by the recipient is less than the Contractual Currency amount expressed to be due to the recipient under this ZIC Senior Guarantee, the Guarantor will, subject to Clause 1(1)(b), indemnify the recipient against any loss sustained by it as a result and will indemnify it against the cost of making any such purchase.

(4) Indemnity separate

This indemnity constitutes a separate and independent obligation from the other obligations in this ZIC Senior Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this ZIC Senior Guarantee or any judgment or order, subject always to Clause 1(1)(b).

4. NOTICES

Each notice or demand under this ZIC Senior Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under this ZIC Senior Guarantee shall be made or sent (airmail, postage prepaid, if sent by post to another country) to the Guarantor at the address, and for the attention of the person, from time to time designated by the Guarantor for the purposes of this ZIC Senior Guarantee. Any such notice or demand shall be effective when actually delivered to such address. The address, attention and telefax number of the Guarantor for notices or demands under this ZIC Senior Guarantee for the time being are as follows:

Zurich Insurance Company Ltd

Mythenquai 2

CH-8002 Zurich Fax: +41 (0)44 623 0300

Attention: Yannick Hausmann, Group General Counsel

With a copy to: Fax: +41 (0)44 628 2929

Attention: Head of Group Treasury and Capital Management

5. RIGHT OF PRODUCTION

A copy of this ZIC Senior Guarantee will be deposited by the Guarantor with each of the paying agents appointed under the Agency Agreement. The Guarantor hereby acknowledges the right of each Noteholder to the production of a copy of this ZIC Senior Guarantee.

6. GOVERNING LAW AND JURISDICTION

(1) Governing law

This ZIC Senior Guarantee is governed by, and shall be construed in accordance with, the substantive laws of Switzerland.

(2) Jurisdiction

Any dispute arising out of this ZIC Senior Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Noteholder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(c), shall fall exclusively within the jurisdiction of the courts of the City of Zurich, venue Zurich 1.

This ZIC Senior Guarantee has been entered into on the date stated at the beginning.

ZURICH INSURANCE COMPANY LTD

By:

By:

CITICORP TRUSTEE COMPANY LIMITED

By:

By:

Note 1: *The Specified Maximum Amount in respect of a relevant tranche of Senior Notes (other than Variable Notes (as defined below)) will be calculated as follows:

For Fixed Rate Notes:

For Floating Rate Notes:

For Zero Coupon Notes:

$$\text{SMA} = \text{RA} + (3 \times \text{I}) + \text{AA}$$

$$\text{SMA} = \text{RA} + (3 \times \text{EI}) + \text{AA}$$

$$\text{SMA} = \text{RA} + \text{AA}$$

where:

“**SMA**” means Specified Maximum Amount;

“**RA**” means the Final Redemption Amount of the Senior Notes, as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Senior Notes up to the first anniversary of the Issue Date;

“**EI**” means the estimated amount of interest payable on the Senior Notes up to the first anniversary of the Issue Date calculated on the basis that interest is payable for each interest period ending on or prior to such first anniversary at 1.5 times the rate fixed for the first interest period; and

“**AA**” means USD100,000 (or its equivalent in the currency of the Specified Maximum Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Senior Notes.

For Senior Notes with a variable or partial redemption amount or for Senior Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“**Variable Notes**”), the Specified Maximum Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

THE SCHEDULE

Issuer: [•]

Title of Senior Notes being issued: [Specify details of the Senior Notes]

Date of issue of relevant Tranche: [•]

Specified Maximum Amount: [•]

Place of payment and specified currency for the purposes of Clause 1(1)(d): [•]

FORM OF ZIC SUBORDINATED GUARANTEE

This subordinated guarantee is made on the date of issue of the relevant tranche of notes as specified in the Schedule hereto between:

- (1) ZURICH INSURANCE COMPANY LTD of Mythenquai 2, CH-8002 Zurich, Switzerland, a company incorporated with limited liability under the laws of Switzerland (the “**Guarantor**”); and
- (2) CITICORP TRUSTEE COMPANY LIMITED, of 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, acting as trustee for the Noteholders (as defined below) (the “**Trustee**”, which expression shall, where the context so admits, include such company and all other persons or companies for the time being the trustee or trustees under the amended and restated trust deed dated 22 May 2018, as it may be further amended or supplemented (the “**Trust Deed**”), between, inter alia, the Guarantor, the Trustee and the Issuer (as defined below)).

WHEREAS

- (A) Zurich Finance (Luxembourg) S.A., Zurich Finance (UK) plc and Zurich Finance (Australia) Limited, as issuers, have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of Euro Medium Term Notes in an aggregate principal amount of up to USD18,000,000,000 (or its equivalent in other currencies).
- (B) The issuer specified in the Schedule hereto (the “**Issuer**”) proposes to issue the relevant tranche of notes described in the Schedule hereto (the “**Subordinated Notes**”) on the issue date specified in the Schedule hereto (the “**Issue Date**”).
- (C) The Guarantor has agreed to guarantee to the Trustee up to a specified maximum amount the obligations of the Issuer to pay principal, interest and all other amounts payable on all outstanding Subordinated Notes and under the Trust Deed (the “**ZIC Subordinated Guarantee**”) for the benefit of the Trustee and the holders of the Subordinated Notes (the “**Noteholders**”).

References in this ZIC Subordinated Guarantee to a “Condition” are to the corresponding condition of the “Terms and Conditions of the Subordinated Notes” as set out in Schedule 1 Part C of the Trust Deed. Capitalised terms that are not defined in this ZIC Subordinated Guarantee will have the meanings given to them in the Terms and Conditions of the Subordinated Notes.

Any references in this ZIC Subordinated Guarantee to Subordinated Notes which are in bearer form shall, unless the context otherwise requires, include any related Coupons and Talons. In respect of Subordinated Notes which are in bearer form, any references to “Noteholders” shall, unless the context otherwise requires, include any holders of related Coupons.

1. GUARANTEE

(1) ZIC Subordinated Guarantee

The Guarantor hereby irrevocably and, subject to Clause 1(1)(b), unconditionally undertakes on a subordinated basis in its capacity as primary obligor and not merely as a surety, pursuant to Art. 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Subordinated Notes and the Trust Deed and waiving all rights of set off and of objection and defence arising from the Subordinated Notes and the Trust Deed to pay to the Trustee, acting on behalf of the Noteholders, within seven days after the receipt by the Guarantor of the Trustee’s first written demand for payment and the Trustee’s confirmation in writing that an amount due under the Subordinated Notes or the Trust Deed which is equivalent to the amount claimed under this ZIC Subordinated Guarantee has remained unpaid on the due date (the last day of such period of seven days being hereinafter referred to as the “**Seventh Day**”), such amount upon the following terms:

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

As used above:

“**Junior Instruments**” means:

- (i) all securities or other obligations of the Guarantor ranking or expressed to rank junior to claims of beneficiaries of this ZIC Subordinated Guarantee; and
- (ii) all classes of issued shares in the share capital of the Guarantor.

“**Pari Passu Instruments**” means any securities or other obligations of the Guarantor ranking or expressed to rank *pari passu* with the claims of the beneficiaries of this ZIC Subordinated Guarantee.

“**Senior Creditors**” means:

- (i) all unsubordinated creditors of the Guarantor, including policyholders (and beneficiaries of a policy) of the Guarantor;
- (ii) all creditors of the Guarantor whose claims are subordinated, by operation of law or pursuant to their terms, to the claims of other unsubordinated creditors of that entity but not further or otherwise; and
- (iii) all other subordinated creditors of the Guarantor except those whose claims rank or are expressed to rank *pari passu* with, or junior to, claims of beneficiaries of this ZIC Subordinated Guarantee.

The subordination provisions set out above are irrevocable.

(b) **(Guarantor Solvency Condition)**

- (i) The Guarantor shall defer any payment under this ZIC Subordinated Guarantee if on the date such payment would otherwise fall due either (A) a Solvency Event has occurred and is continuing or (B) would occur on such date as a result of such payment (such deferred payment, a **“Deferred Guarantee Payment”**).
- (ii) Any Deferred Guarantee Payment shall only become due and payable following the date on which no Solvency Event is continuing (or would occur on such date as a result of such payment) or, subject to Clause 1(1)(g), if a resolution is passed or an order of a court of competent jurisdiction is made that the Guarantor be wound up or dissolved (any such resolution or order, a **“Liquidation Ruling”**).
- (iii) The deferral of any Deferred Guarantee Payment in accordance with these provisions, will not constitute a default by the Guarantor and, without prejudice to Condition 10 (*Remedies*) or Clause 1(1)(g), will not give the Noteholders or the Trustee any right to accelerate the repayment of the Subordinated Notes or take any action under the Trust Deed or this ZIC Subordinated Guarantee.
- (iv) The Guarantor shall give notice of any such deferral to the Trustee (together with a Guarantor Solvency Payment Deferral Certificate (as defined below)), and to the Noteholders in accordance with Condition 19 (*Notices*) by not later than seven days following the relevant claim under this ZIC Subordinated Guarantee.

In this Guarantee, **“Guarantor Solvency Payment Deferral Certificate”** means a certificate signed by two Authorised Officers of ZIC or, where applicable, ZIG confirming that a Solvency Event has occurred and is continuing, or would occur if the relevant payment under this ZIC Subordinated Guarantee were made.

- (c) **(No Set-Off)** Neither the Trustee nor any Noteholder may set-off any claims in respect of any amount owed to it by the Guarantor arising under or in connection with this ZIC Subordinated Guarantee, and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have irrevocably waived all such rights of set-off.
- (d) **(No Security)** No security of whatever kind is, or will at any time be, provided by the Guarantor or any other person to secure the claims of the Noteholders under this ZIC Subordinated Guarantee.
- (e) **(Maximum Aggregate Liability)** The maximum liability of the Guarantor under this ZIC Subordinated Guarantee (including, in particular, all amounts payable under Clause 3 of this ZIC Subordinated Guarantee and all other amounts payable under this ZIC Subordinated Guarantee) shall not exceed in aggregate [*insert currency and amount*] (the **“Specified Maximum Amount”**), calculated in accordance with Note 1 of this ZIC Subordinated Guarantee (and as set out in the applicable Pricing Supplement for the Subordinated Notes) which may not be reduced for so long as any sum remains payable under the Subordinated Notes.
- (f) **(Rights held by the Trustee)** All rights arising from this ZIC Subordinated Guarantee shall be held exclusively by the Trustee and no Noteholder may take action directly against the Guarantor under this ZIC Subordinated Guarantee unless the Trustee having become Noteholder Mandated to take action, fails to do so within a reasonable period and such failure is continuing, in which case the Noteholders shall be entitled to exercise only the same rights against the Guarantor as those which the Trustee is entitled to exercise.
- (g) **(Remedies)**
 - (i) If the Guarantor fails to pay an amount claimed in accordance with this ZIC Subordinated Guarantee, the Trustee, at its discretion, may, and, if Noteholder Mandated, shall (in each case subject to being indemnified and/or secured and/or prefunded to its satisfaction), take action to enforce the obligations of the Guarantor in respect of such unpaid amounts provided that the Trustee and the Noteholders have no right to claim any sums in respect of or enforce an early redemption of the Subordinated Notes or institute winding-up proceedings of the Guarantor.
 - (ii) The Trustee may at its discretion, subject to Condition 10(c), participate in, but not itself institute, any winding-up proceedings of the Guarantor to enforce the obligations of the Guarantor under this ZIC Subordinated Guarantee. In particular, the Trustee and the Noteholders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would lead to a redemption of the Subordinated Notes.
 - (iii) In the event that the Trustee gives notice that the Subordinated Notes are immediately due and repayable in accordance with Condition 10(c) as a result of a Liquidation Ruling in respect of the Guarantor:
 - a. if, on or following the date of any such Liquidation Ruling, a Solvency Event in relation to the Zurich Insurance Group (a **“Group Solvency Event”**) has occurred and is continuing or would occur as a result of the Subordinated Notes becoming due and payable pursuant to Condition 10(c), then payment in respect of the Subordinated Notes pursuant to this ZIC Subordinated Guarantee shall become due and payable upon such Group Solvency Event ceasing to occur and if such payment would not result in a Group Solvency Event occurring provided that, for the avoidance of doubt, such payment in respect of the Subordinated Notes shall in addition become due and payable in the

proceedings which implement such Liquidation Ruling upon any amounts in respect of any Relevant Junior or Pari Passu Securities (as defined below) becoming due and payable in such proceedings; and

- b. no payment in respect of the Subordinated Notes may be made by the Guarantor pursuant to this ZIC Subordinated Guarantee, nor will the Trustee accept the same, otherwise than during or after the relevant winding-up proceedings.
- (iv) No remedy against the Guarantor, other than as referred to in Condition 10 (*Remedies*) or this Clause 1(1)(g), shall be available to the Trustee or the Noteholders for the recovery of amounts owing under this ZIC Subordinated Guarantee.

As used above, “**Relevant Junior or Pari Passu Securities**” means (a) any securities issued (or guaranteed) by the Guarantor which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of ZIC and/or the Zurich Insurance Group and the claims in respect of such securities (or, as applicable, guarantee) rank, or are expressed to rank, junior to the claims of holders of Subordinated Notes under this ZIC Subordinated Guarantee; (b) any securities issued by the Guarantor which have been approved by the Relevant Regulator in accordance with the Applicable Regulations as eligible Relevant Capital of the Guarantor and/or the Zurich Insurance Group and the claims in respect of such securities rank, or are expressed to rank *pari passu* with, the claims of holders of Subordinated Notes under this ZIC Subordinated Guarantee;

- (h) (**Payments**) The Guarantor agrees that any payments to be made by it hereunder shall be made to or to the order of the Trustee in the place of payment and in the currency specified in the Schedule hereto in immediately available funds before close of business in that city on the Seventh Day and any such payment shall to that extent, satisfy the obligation of the Guarantor under this ZIC Subordinated Guarantee.

(2) Guarantor’s Obligations Continuing

Subject to Clause 1(1)(e), the Guarantor’s obligations under this ZIC Subordinated Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under the Subordinated Notes. Furthermore, the obligations of the Guarantor hereunder are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Issuer, any other person, any security or any other guarantee or indemnity.

(3) Exercise of Guarantor’s Rights

So long as any sum remains payable by the Issuer under the Subordinated Notes, no right of the Guarantor, by reason of the performance of any of its obligations under this ZIC Subordinated Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. Until all amounts which may be or become payable in respect of the Subordinated Notes have been irrevocably paid in full, the Guarantor shall not by virtue of this ZIC Subordinated Guarantee be subrogated to any rights of the Trustee or any Noteholder or claim in competition with the Trustee or the Noteholders against the Issuer.

(4) Avoidance of Payments

Any settlement or discharge between the Guarantor and the Trustee in respect of this ZIC Subordinated Guarantee shall be conditional upon no payment to the Trustee or any Noteholder by the Issuer or any person on the Issuer’s behalf being avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Trustee shall be entitled to recover from the Guarantor the amount by which such payment is so avoided or reduced as if such settlement or discharge had not occurred.

2. ACCEPTANCE

The Trustee accepts this ZIC Subordinated Guarantee in its capacity as trustee for the Noteholders. Subject to Clause 1(1)(e), the Guarantor agrees to be bound by the provisions of Condition 8 (*Taxation*) as if set out in full in this ZIC Subordinated Guarantee.

3. CURRENCY INDEMNITY

(1) Currency of Account and Payment

The currency of the Subordinated Notes (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Guarantor under or in connection with this ZIC Subordinated Guarantee, including damages.

(2) Extent of Discharge

Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of the enforcement of a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Guarantor or otherwise), by the Trustee in respect of any sum expressed to be due to it from the Guarantor will only discharge the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that day, on the first date on which it is practicable to do so).

(3) Indemnity

If the Contractual Currency amount so purchased by the recipient is less than the Contractual Currency amount expressed to be due to the recipient under this ZIC Subordinated Guarantee, the Guarantor will, subject to Clause 1(1)(e), indemnify the recipient against any loss sustained by it as a result and will indemnify it against the cost of making any such purchase.

(4) Indemnity separate

This indemnity constitutes a separate and independent obligation from the other obligations in this ZIC Subordinated Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this ZIC Subordinated Guarantee or any judgment or order, subject always to Clause 1(1)(e).

4. NOTICES

Each notice or demand under this ZIC Subordinated Guarantee shall be made in writing. Each notice or demand to be made or sent to the Guarantor under this ZIC Subordinated Guarantee shall be made or sent (airmail, postage prepaid, if sent by post to another country) to the Guarantor at the address, and for the attention of the person, from time to time designated by the Guarantor for the purposes of this ZIC Subordinated Guarantee. Any such notice or demand shall be effective when actually delivered to such address. The address, attention and telefax number of the Guarantor for notices or demands under this ZIC Subordinated Guarantee for the time being are as follows:

Zurich Insurance Company Ltd

Mythenquai 2

CH-8002 Zurich Fax: +41 (0)44 623 03-00

Attention: Yannick Hausmann, Group General Counsel

With a copy to: Fax: +41 (0)44 628 2929

Attention: Head of Group Treasury and Capital Management

5. RIGHT OF PRODUCTION

A copy of this ZIC Subordinated Guarantee will be deposited by the Guarantor with each of the paying agents appointed under the Agency Agreement. The Guarantor hereby acknowledges the right of each Noteholder to the production of a copy of this ZIC Subordinated Guarantee.

6. GOVERNING LAW AND JURISDICTION

(1) Governing law

This ZIC Subordinated Guarantee is governed by, and shall be construed in accordance with, the substantive laws of Switzerland.

(2) Jurisdiction

Any dispute arising out of this ZIC Subordinated Guarantee between the Guarantor and the Trustee, or between the Guarantor and a Noteholder who is entitled to proceed against the Guarantor pursuant to Clause 1(1)(f), shall fall exclusively within the jurisdiction of the courts of the City of Zurich, venue Zurich 1.

This guarantee agreement has been entered into on the date stated at the beginning.

ZURICH INSURANCE COMPANY LTD

By:

By:

CITICORP TRUSTEE COMPANY LIMITED

By:

By:

Note 1: *The Specified Maximum Amount in respect of a relevant tranche of Subordinated Notes (other than Variable Notes (as defined below)) will be calculated as follows:

For Fixed Rate Notes:

For Floating Rate Notes:

For Zero Coupon Notes:

$$\text{SMA} = \text{RA} + (3 \times \text{I}) + \text{AA}$$

$$\text{SMA} = \text{RA} + (3 \times \text{EI}) + \text{AA}$$

$$\text{SMA} = \text{RA} + \text{AA}$$

where:

“**SMA**” means Specified Maximum Amount;

“**RA**” means the Final Redemption Amount of the Subordinated Notes, as defined in the applicable Pricing Supplement;

“**T**” means the amount of interest payable on the Subordinated Notes up to the first anniversary of the Issue Date;

“**EI**” means the estimated amount of interest payable on the Subordinated Notes up to the first anniversary of the Issue Date calculated on the basis that interest is payable for each interest period ending on or prior to such first anniversary at 1.5 times the rate fixed for the first interest period; and

“**AA**” means USD100,000 (or its equivalent in the currency of the Specified Maximum Amount) representing an additional amount to guarantee the payments of the Issuer to be due under the Trust Deed but not under the Subordinated Notes.

For Subordinated Notes with a variable or partial redemption amount or for Subordinated Notes (other than Floating Rate Notes) where the amount of interest is not determinable at the Issue Date (“**Variable Notes**”), the Specified Maximum Amount will be signed between the Guarantor and the relevant Dealer on or before the Issue Date.

[Pricing Supplement annexed]

THE SCHEDULE

Issuer: [•]

Title of Subordinated Notes being issued: [Specify details of the Subordinated Notes]

Date of issue of relevant Tranche: [•]

Specified Maximum Amount: [•]

Place of payment and specified currency for the purposes of Clause 1(1)(h): [•]

TAXATION

General

The information below is of a general nature and is not intended to be exhaustive. They assume that there will be no substitution of the Issuers and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Luxembourg Taxation

The following information is of a general nature only and is based on ZF (Luxembourg)'s understanding of certain aspects of the laws and practice presently in force in Luxembourg as of the date of this Base Prospectus. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Notes and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of Notes. This information is based on the laws in force in Luxembourg on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Prospective holders of Notes should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*). Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

(a) Luxembourg tax residency of the holders of Notes

Investors will not become resident nor be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of their rights thereunder.

(b) Withholding Tax

(i) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the Law (as defined below), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Luxembourg law dated 23 December 2005, as amended (the "**Law**"), a 20 per cent Luxembourg withholding tax is levied on interest or similar income payments made or ascribed by Luxembourg paying agents to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

(ii) Non-resident holders of Notes

Under Luxembourg general tax laws currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of Notes. There is also no Luxembourg withholding tax upon repayment of the principal or upon redemption or exchange of the Notes.

(c) Taxation of the holders of Notes

(i) Taxation of Luxembourg non-residents

Holders of Notes who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realise capital gains upon redemption, repurchase, sale, disposal or exchange, in any form whatsoever, of any Notes.

Corporate holders of Notes who are non-residents of Luxembourg or non-resident individual holders acting in the course of the management of a professional or business undertaking, and who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable are liable to Luxembourg income tax on any interest received or accrued, as well

as any reimbursement premium received at maturity and any capital gain realised on the sale or disposal, in any form whatsoever, of the Notes and have to include this income in their taxable income for Luxembourg income tax assessment purposes.

(ii) Taxation of Luxembourg residents

Luxembourg resident individuals

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Notes has opted for the application of a 20 per cent tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg) or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual holder of Notes, acting in the course the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion on such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

Luxembourg corporate residents

Luxembourg corporate resident holders of Notes must include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes, except if the holder of Notes is a Luxembourg corporate resident benefiting from a special tax regime (see below). Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg corporate residents benefiting from a special tax regime

Luxembourg corporate resident holders of Notes who benefit from a special tax regime, such as, for example, undertakings for collective investment subject to the amended law of 17 December 2010, specialised investment funds governed by the amended law of 13 February 2007, family wealth management companies governed by the amended law of 11 May 2007 or reserved alternative investment funds governed by the law of 23 July 2016 on reserved alternative investment funds and which do not fall under the special tax regime set out in Article 48 thereof are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to Luxembourg income taxes.

(d) Net Wealth Tax

Luxembourg resident holders of Notes and non-resident holders of Notes who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is (i) an individual, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010, (iii) a specialised investment fund governed by the amended law of 13 February 2007, (iv) a family wealth management company governed by the amended law of 11 May 2007, (v) a reserved alternative investment fund governed by the law of 23 July 2016 on reserved alternative investment funds, (vi) a securitisation company governed by the amended law of 22 March 2004 on securitisation or (vii) a capital company governed by the amended law of 15 June 2004 on venture capital vehicles.¹

(e) Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes.

However, a fixed or *ad valorem* registration duty may be due upon registration of the Notes in Luxembourg in the case where the Notes are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Notes on a voluntary basis.

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

¹ Please however note that securitisation companies governed by the amended law of 22 March 2004 on securitisation, or capital companies governed by the amended law of 15 June 2004 on venture capital vehicles, or reserved alternative investment funds governed by the law of 23 July 2016 on reserved alternative investment funds and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

Swiss Taxation

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons. The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Base Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Notes.

(a) Withholding Tax

(i) Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)

Payments by the Issuers (other than ZIC), or by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), of interest on, and repayment of principal of, the Notes, will not be subject to Swiss withholding tax, even when the Notes are guaranteed by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), provided that the relevant Issuer uses the proceeds from the offering and sale of the Notes outstanding outside of Switzerland unless and to the extent use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

(ii) Notes issued by ZIC

Non-Restricted Notes

Payments of interest on Notes issued by ZIC will be subject to Swiss federal withholding tax at a rate of 35 per cent. Certain types of Notes issued by ZIC may classify as notes with a “predominant one-time interest payment” (*Obligationen mit überwiegender Einmalverzinsung*; see below “—Income Taxation on Principal or Interest”). A “one-time interest payment” will be subject to the Swiss federal withholding tax upon redemption of the Notes.

A holder of a Note issued by ZIC who resides in Switzerland and who, at the time the payment of interest is due, is the beneficial recipient of the payment of interest and, in the case of a holder who is an individual, duly reports the gross payment of interest in his or her tax return and, in the case of a holder who is a legal entity or an individual required to keep accounting books, includes such payment as earnings in its income statement, is entitled to a full refund of or a full tax credit for the Swiss federal withholding tax. A holder of a Note issued by ZIC who does not reside in Switzerland may be able to claim a full or partial refund of the Swiss federal withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, between Switzerland and the country of residence of such holder.

Restricted Notes

Restricted Notes will not be subject to the Swiss federal withholding tax provided that ZIC complies at all times while any such Restricted Notes are outstanding, as applicable, with the Non-Bank Rules (as defined in Condition 23 of the Terms and Conditions of the Senior Notes and Condition 23 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes), which it is required to do pursuant to Condition 15(a)(vi) of the Terms and Conditions of the Senior Notes and Condition 15(a)(vi) of the Terms and Conditions of the Subordinated Notes, and further provided that the Noteholders comply at all times while any such Restricted Notes are outstanding with the limitations set out in Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Senior Notes and Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes.

(iii) Potential Change of Withholding Tax Legislation

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

(b) Stamp Taxes

The issue of Notes by the Issuers and the issue of the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be by ZIC as Guarantor on the relevant closing date will not be subject to Swiss stamp duty on the dealing in securities (primary market). Secondary market dealings in Notes with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss stamp duty on dealings in securities at a rate of up to 0.15 per cent of the purchase price of the Notes in the case of Notes issued by ZIC, and at a rate of up to 0.3 per cent of such purchase price in the case of Notes issued by the other Issuers. Where both the seller and the purchaser of the Notes (whether or not issued by ZIC) are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss stamp duty on dealing in securities will be payable.

Restricted Notes will not be subject to Swiss stamp duty on dealings in securities provided that ZIC complies at all times while any such Restricted Notes are outstanding with the Non-Bank Rules (as defined in Condition 23 of the Terms and Conditions of the Senior Notes and Condition 23 of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes), which it is required to do pursuant to Condition 15(a)(vi) of the Terms and Conditions of the Senior Notes and Condition 15(a)(vi) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes, and further provided that the Noteholders comply at all times while any such Restricted Notes are outstanding with the limitations set out in Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Senior Notes and Condition 15(a) and Condition 15(b) of the Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes.

(c) Income Taxation on Principal or Interest

(i) Notes held by non-Swiss holders

Payments by the Issuers, or by ZIC as Guarantor (in respect of Notes issued by ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)), of interest and repayment of principal to, and gain realised on the sale or redemption of Notes by, a holder of Notes who is not a resident of Switzerland and who during the current taxation year has not engaged in trade or business through a permanent establishment in Switzerland to which such Note is attributable will not be subject to any Swiss federal, cantonal or communal income tax (as concerns the Swiss withholding tax see above—*Withholding Tax*), as concerns the international automatic exchange of information in tax matters, see below under “—*International Automatic Exchange of Information in Tax Matters*” and as concerns the Swiss facilitation of the implementation of FATCA, see below under “—*Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act*”).

(ii) Notes held by Swiss resident holders as private assets

Notes without a “predominant one-time interest payment”: If the yield-to-maturity of a Note predominantly derives from periodic interest payments and not from a one-time-interest-payment such as an original issue discount or a repayment premium (see below “Notes with a predominant one-time interest payment”), then a holder who is an individual resident in Switzerland and who holds the Note as a private asset is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments and any one-time interest payment received on the Note in such period, converted into Swiss Francs at the exchange rate prevailing at the time of payment, as the case may be, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. A gain (which may include interest accrued) realised on the sale of such a Note is a tax-free private capital gain, and a loss realised on the sale of such a Note or, in relation to Subordinated Notes or Deeply Subordinated Notes, a loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss. A loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss.

Notes with a “predominant one-time interest payment”: If the yield-to-maturity of a Note predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments, then a holder who is an individual resident in Switzerland and holds the Note as a private asset, is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, and converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. Any value decreases realised on such Note on sale or redemption may be offset by such a holder against any gains (including periodic interest payments) realised by him or her within the same taxation period from other securities with a predominant one-time interest payment. A loss resulting from a Write-Down of Notes is a non-tax deductible private capital loss.

See “—*Notes held as Swiss business assets*” below for a summary on the tax treatment of individuals classified as “professional securities dealers.”

(iii) Notes held as Swiss business assets

Individuals who hold Notes as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Notes as part of a Swiss permanent establishment in Switzerland, are required to recognise the payments of interest and any capital gain or loss realised on the sale or other disposition of such Notes or a loss resulting from a Write-Down of Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealings and leveraged transactions in securities.

(d) International Automatic Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (“**AEOI**”) in tax matters (the “**AEOI Agreement**”), which applies to all 28 member states and also Gibraltar. Further, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information (“**MCAA**”), and based on the MCAA, a number of bilateral AEOI agreements with other countries became effective. Based on the AEOI Agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, including Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in an EU member state or Gibraltar or a treaty state from 2017, and began to exchange it from 2018. Switzerland has signed and will sign further AEOI agreements with further countries. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters (the “**SIF**”).

(e) Swiss Facilitation of the Implementation of FATCA

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. For further information on FATCA, see below under “—*U.S. Taxation (in respect of Notes issued by ZHCA)—FATCA Withholding*”.

(f) Common Reporting Standard

On 15 July 2014, the Organisation for Economic Co-operation and Development approved the Common Reporting Standard (the “**CRS**”) designed to create a global standard for the automatic exchange of financial account information. Pursuant to the CRS requirements, financial institutions must identify and report FATCA-like information in respect of specified persons who are resident in the jurisdictions that sign and implement the CRS. On 29 October 2014, fifty-one jurisdictions signed the MCAA that activates this automatic exchange of information in line with the CRS. Since then further jurisdictions have signed the MCAA and in total over 90 jurisdictions have committed to adopting the CRS. Early adopters who signed the MCAA have pledged to work towards the first information exchanges taking place by September 2017. Certain other signatories are expected to follow with information exchange starting in 2018 (see above “—*International Automatic Exchange of Information in Tax Matters*” for information on the adoption of the CRS by Switzerland).

United Kingdom Taxation

The following is a summary of certain United Kingdom tax considerations relating to the Notes based on UK law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) at the date hereof in relation to payments of interest in respect of the Notes. The comments are made on the assumption that neither ZF (Luxembourg) nor ZIC nor ZHCA nor ZF (Australia) is resident in the United Kingdom for United Kingdom tax purposes, is issuing the Notes for the purposes of or in the course of a trade or other business carried on by it in the United Kingdom or pays interest on the Notes which has a United Kingdom source. The comments relate only to the position of persons who are absolute beneficial owners of the Notes (and may not apply to certain classes of Noteholders (such as dealers and persons who are connected or associated with the Issuer for relevant tax purposes)). Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that series and other Tranches of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

(a) Interest on the Notes issued by ZF (UK)

The Notes issued by ZF (UK) which carry a right to interest will constitute “quoted Eurobonds” within the meaning of section 987 of the UK Income Tax Act 2007 (the “**Act**”) as long as they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. Securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom Official List (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Euro MTF Market and the SIX Swiss Exchange are both recognised stock exchanges for these purposes. However, HMRC stated in published guidance that the securities will only be treated as listed for these purposes if (i) in respect of the Euro MTF Market, the securities are listed and admitted to trading on the Euro MTF Market; and (ii) in respect of the SIX Swiss Exchange, the securities are listed and maintained on the SIX Swiss Exchange in accordance with the main standard or domestic standard, but not if the securities are listed in accordance with any other listing rules.

Accordingly, payments of interest on such Notes issued by ZF (UK) may be made without withholding for or on account of UK income tax provided such Notes are and remain so listed and admitted to trading at the time of payment.

In all other cases, interest on the Notes issued by ZF (UK) may fall to be paid under deduction of United Kingdom income tax at the basic rate, which is currently 20 per cent., subject to any direction to the contrary by HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty, and except that the withholding obligation is disapplied in respect of payments to Noteholders who (i) ZF (UK) reasonably believes are either a United Kingdom resident company, or a non-UK resident company carrying on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable, and for whom the payment is one that is required to be brought into account in calculating the chargeable profits (for corporation tax purposes) of the non-UK resident company, or (ii) the Noteholder falls within various categories enjoying a special tax status (including charities and pension funds), or (iii) is a partnership consisting of such persons as are identified in (i) and (ii) above (unless, in each case, HM Revenue & Customs direct otherwise). However, this withholding will not apply if the relevant interest is paid on Notes issued by ZF (UK) with a maturity date of less than one year from the date of issue and which are not issued with the intention, or under schemes or arrangements the effect of which is, to render such Notes part of a borrowing with a total term of a year or more.

Interest on the Notes issued by ZF (UK) will generally constitute United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding and irrespective of the residence of the Noteholder. However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or for holders who are companies through a United Kingdom permanent establishment, in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

The provisions relating to additional payments referred to in Condition 8 of the Terms and Conditions of the Senior Notes and Condition 8 of the Terms and Conditions of the Subordinated Notes would not apply if HM Revenue & Customs sought to assess the person entitled to the relevant interest or (where applicable) profit on any Note directly to United Kingdom income tax. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

(b) Payments by the Guarantor

Depending on the correct legal analysis (which is uncertain) of payments made pursuant to a ZIC Senior Guarantee or a ZIC Subordinated Guarantee in respect of interest on Notes issued by ZF (UK) (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes), as a matter of United Kingdom tax law, it is possible that payments by the Guarantor would be subject to withholding on account of United Kingdom withholding tax at the basic rate, which is currently 20 per cent., subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable).

(c) Other rules relating to United Kingdom withholding tax

Where Notes issued by ZF (UK) are issued at an issue price of less than 100 per cent. of their principal amount or are to be, or may fall to be, redeemed at a premium, then any discount or premium element may constitute a payment of interest for UK income tax purposes, in which case it may be subject to withholding or deduction for or on account of UK income tax pursuant to the provisions mentioned in (a) above.

The references to “interest” in this United Kingdom Taxation section above mean “**interest**” as understood in United Kingdom tax law. Such statements do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 23(c) of the Terms and Conditions of the Senior Notes and Condition 23(c) of the Terms and Conditions of the Subordinated Notes).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty and the relevant Noteholder successfully completes a claim for recovery of tax deducted under such double taxation treaty.

(d) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT is payable on issue of Notes constituting debt securities falling within the scope of Article 5(2) of Council Directive 2008/7/EC.

The proposed financial transaction tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia (which has since ceased to participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a “**participating Member State**”).

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be

exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

U.S. Taxation (in respect of Notes issued by ZHCA)

The following is a general discussion of the material U.S. Federal income tax considerations applicable to initial Non-U.S. Holders of the Notes issued by ZHCA. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), regulations of the Treasury Department ("Treasury Regulations"), administrative rulings and pronouncements of the Internal Revenue Service ("IRS") and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, a "U.S. person" means (i) a citizen or resident (as defined in Section 7701(b)(1) of the Code) of the U.S., (ii) a corporation or other entity taxable as a corporation created or organised under the laws of the U.S. or any State thereof (including the District of Columbia), (iii) an estate or trust described in Section 7701(a)(30) of the Code, or (iv) a person whose worldwide income or gain is otherwise subject to U.S. Federal income taxation on a net income basis and a "Non-U.S. Holder" means any beneficial owner of a Note that is not a U.S. person.

The following discussion is based upon certain of the facts set forth in this Base Prospectus and other documents related to the issuance of Notes and upon compliance with the provisions thereof and the representations and agreements therein.

The tax discussion set forth below may not be always applicable depending upon a Noteholder's particular situation. In addition, the discussion does not consider the effect of any foreign, state, local, gift, estate or other tax laws that may be applicable to a particular investor. Noteholders are urged to consult their own tax advisors with respect to the particular consequences to them of holding and disposing of Notes in light of their own particular circumstances including the tax consequences under local, state, foreign and other tax laws and possible effects of changes in U.S. Federal income or other tax laws.

(a) Taxation of Non-U.S. Holders

Under present U.S. Federal income and estate tax laws and subject to the discussion of backup withholding and FATCA below:

(a) A Non-U.S. Holder generally will not be subject to U.S. Federal income or withholding tax on payments of interest on a Note (including original issue discount), provided that (i) the Non-U.S. Holder is not (A) a direct or indirect owner of 10 per cent or more of the total voting power of all voting stock of ZHCA or (B) a controlled foreign corporation related to ZHCA through stock ownership, (ii) such interest payments are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S., (iii) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, (iv) the interest is not contingent interest described in Section 871(h)(4) of the Code, related primarily to interest based on or determined by reference to income, profits, cash flow and other comparable attributes of the obligor or a party related to the obligor, (v) the Note is issued in "registered form" for U.S. Federal income tax purposes, and (vi) ZHCA or its paying agent receives appropriate documentation (generally an IRS Form W-8BEN or W-8BEN-E as applicable) establishing that the Non-U.S. Holder is not a U.S. person. It is intended that Notes issued by ZHCA will be treated as in "registered form" for U.S. Federal income tax purposes. Although Bearer Global Notes may in some cases be issued by ZHCA, such Bearer Global Notes will meet IRS guidance so as to be treated as being in "registered" form for U.S. Federal income tax purposes.

(b) A Non-U.S. Holder generally will not be subject to U.S. Federal income or withholding tax on gains from the sale or other disposition of a Note, provided that (i) such gains are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S. and (ii) such Non-U.S. Holder is not an individual who is present in the U.S. for 183 days or more in the taxable year of disposition and meets certain other requirements.

(c) Any Note beneficially owned by an individual who at the time of death is not a citizen or resident of the U.S. will not be subject to U.S. Federal estate tax provided that, at the time of death, such individual does not actually or constructively own 10 per cent or more of the total combined voting power of ZHCA entitled to vote and interest on the Notes was not effectively connected with a U.S. trade or business conducted by such individual.

If a Non-U.S. Holder cannot satisfy the requirements of the "portfolio interest" exception described in (a) above, payments of premium, if any, and interest made to such Non-U.S. Holder will be subject to a 30 per cent withholding tax unless such holder provides the ZHCA, or its paying agent as the case may be, with a properly executed (1) IRS Form W-8BEN or W-8BEN-E, as applicable, or any successor form the IRS may prescribe, claiming an exemption from withholding under the benefit of a tax treaty or (2) IRS Form W-8ECI stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the holder's conduct of a trade or business in the U.S.

If a Non-U.S. Holder is engaged in a trade or business in the U.S. and interest on the Notes is effectively connected with the conduct of such trade or business, such holder, although exempt from the withholding tax discussed above, will be subject to U.S. Federal income tax on such interest on a net income basis in the same manner as if it were a U.S. person. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30 per cent of its effectively connected earnings and profits for the taxable year, subject to adjustments. For this purpose, premium, if any, and interest on a Note will be included in such foreign corporation's earnings and profits.

(b) Backup Withholding

In the case of a Non-U.S. Holder, backup withholding and information reporting will generally not apply to payments of principal and interest (including OID) on a Note issued by ZHCA for U.S. Federal income tax purposes if such Non-U.S. Holder complies with required certification and identification procedures to establish an exemption from the withholding of U.S. Federal income tax or otherwise establishes an exemption, provided that ZHCA or its paying agent, as the case may be, does not have actual knowledge that the payee is a U.S. Person and certain other conditions are satisfied. Any amount withheld under the backup withholding rules from a payment to a holder is allowable as a credit against such holder's U.S. Federal income tax (which might entitle such holder to a refund), provided that such holder furnishes the required information to the IRS.

(c) FATCA Withholding

Sections 1471 through 1474 of the Code (commonly referred to as the "FATCA provisions") generally impose a withholding tax of 30 per cent on interest income (including OID) from debt obligations of U.S. issuers and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a foreign financial institution (other than with respect to interest (including OID) or gross proceeds that are effectively connected with the conduct of a trade or business within the United States), unless such institution either (i) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements, including in some cases providing local revenue authorities with similar account holder information.

The FATCA provisions also generally impose a withholding tax of 30 per cent on interest income from such obligations and, beginning on 1 January 2019, on the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity (other than with respect to interest or gross proceeds that are effectively connected with the conduct of a trade or business within the United States) unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity or unless certain exceptions apply or they agree to provide certain information to other revenue authorities for transmittal to the IRS. Under certain circumstances (for example, if the recipient is resident in a country having a tax treaty with the United States), a holder of such obligation might be eligible for refunds or credits of such taxes. ZHCA will not be required to pay Additional Amounts with respect to any taxes withheld from payments on the Notes as a result of the enactment and implementation of the FATCA provisions.

Form W-8BEN-E generally requires certain non-U.S. entities to certify as to their FATCA status, and if applicable, provide their Global Intermediary Identification Number. Noteholders are urged to consult with their own tax advisors regarding the possible implications of FATCA provisions on their investment in the Notes.

Australia Taxation

The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together the "**Australian Tax Act**") and the Taxation Administration Act 1953 of Australia, as at the date of this Base Prospectus, of payments of interest (as defined in the Australian Tax Act) by ZF (Australia) on the Notes and certain other Australian tax matters.

A term used below but not otherwise defined has the meaning given to it in the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be ("**Terms and Conditions**").

This summary applies to Noteholders that are:

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia ("**Australian Holders**"); and
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia ("**Non-Australian Holders**").

The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Holders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person) and, unless expressly stated, this summary does not consider the Australian tax consequences for persons who hold interests in any Clearing System.

Prospective holders of the Notes should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the relevant Pricing Supplement.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of a Note. Each Noteholder should seek professional tax advice in relation to their particular circumstances.

(a) Australian interest withholding tax

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies), including for the purposes of Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**Australian IWT**”) and dividend withholding tax.

For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. ZF (Australia) intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974, and the returns paid on the Notes are to be “interest” for the purpose of section 128F, of the Australian Tax Act.

Australian Holders

Payments of interest in respect of the Notes to Australian Holders should not be subject to Australian IWT.

Non-Australian Holders

Australian IWT is payable at a rate of 10 per cent of the gross amount of interest paid by ZF (Australia) to a Non-Australian Holder, unless an exemption is available.

(i) Section 128F exemption from Australian IWT

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

Unless otherwise specified in any relevant Pricing Supplement (or another relevant supplement to this Base Prospectus), ZF (Australia) intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act

In broad terms, the requirements of section 128F are as follows:

- (a) ZF (Australia) is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (b) the Notes are issued in a manner which satisfies the “public offer” test in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that ZF (Australia) is offering the Notes for issue. In summary, the five methods are:

- (i) offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
 - (ii) offers to 100 or more investors of a certain type;
 - (iii) offers of listed Notes;
 - (iv) offers via publicly available information sources; or
 - (v) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;
- (c) ZF (Australia) does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an “associate” of ZF (Australia), except as permitted by section 128F(5) of the Australian Tax Act (see below); and
- (d) at the time of the payment of interest, ZF (Australia) does not know, or have reasonable grounds to suspect, that the payee is an “associate” of ZF (Australia), except as permitted by section 128F(6) of the Australian Tax Act (see below).

An “associate” of ZF (Australia) for the purposes of section 128F of the Australian Tax Act includes:

- (A) a person or entity which holds more than 50 per cent of the voting shares of, or otherwise controls, ZF (Australia);
- (B) an entity in which more than 50 per cent of the voting shares are held by, or which is otherwise controlled by, ZF (Australia);
- (C) a trustee of a trust where ZF (Australia) is capable of benefiting (whether directly or indirectly) under that trust; and
- (D) a person or entity who is an “associate” of another person or company which is an “associate” of ZF (Australia) under

paragraph (A) above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above), an “associate” of ZF (Australia) does not include:

- (E) an Australian Holder; or
- (F) a Non-Australian Holder that is acting in the capacity of:
 - o in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia); or
 - o in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia).

(ii) Exemptions under certain double tax conventions

The Australian Government has signed double tax conventions (“**Relevant Treaties**”) with certain countries (each a “**Specified Country**”), under which an exemption from Australian IWT is available in certain circumstances. The Relevant Treaties apply to interest derived by a resident of a Specified Country.

Broadly, the Relevant Treaties effectively prevent the application of Australian IWT to interest derived by:

- (a) governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- (b) a “financial institution” resident in a Specified Country which is unrelated to and dealing wholly independently with ZF (Australia).

The term “**financial institution**” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public on the Federal Treasury Department website.

(b) Payments under the ZIC Senior Guarantee and the ZIC Subordinated Guarantee

Payments by ZIC under the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be, are not subject to Australian IWT, on the basis that ZIC is not a resident of Australia for Australian tax purposes, and does not make payments under the ZIC Senior Guarantee or the ZIC Subordinated Guarantee, as the case may be, in carrying on business through a permanent establishment in Australia.

(c) Notes in bearer form

Section 126 of the Australian Tax Act imposes a type of withholding tax (see below in relation to the rate of withholding tax) on the payment of interest on debentures in bearer form (such as the Bearer Notes) if the issuer fails to disclose the names and addresses of the holders of the debentures to the ATO.

Section 126 does not, however, apply to the payment of interest on Bearer Notes held by non-Australian residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Bearer Notes has satisfied the requirements of section 128F or Australian IWT is payable.

In addition, the ATO has confirmed that for the purpose of section 126, the holder of debentures in bearer form is the person in possession of the debentures. Section 126 is, therefore, limited in its application to persons in possession of Bearer Notes who are residents of Australia or non-Australian residents who are engaged in carrying on business at or through a permanent establishment in Australia. Where interests in Bearer Notes are held through Euroclear, Clearstream or another Clearing System, ZF (Australia) intends to treat the relevant operator of the Clearing System (or its nominee) as the holder of the Bearer Notes for the purposes of section 126.

The rate of withholding tax is 45 per cent from the 2017-2018 income year.

(d) Payment of additional amounts

As set out in more detail in the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be, and unless expressly provided to the contrary in any relevant Pricing Supplement (or other relevant

supplement to this Base Prospectus), if ZF (Australia) is at any time required by law to withhold or deduct an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia, or any political subdivision thereof or therein, in respect of the Notes, ZF (Australia) must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made. If, as a result of any change in law of the Commonwealth of Australia, or any political subdivision thereof or therein, ZF (Australia) is required by law in relation to any Notes to withhold or deduct an amount in respect of any withholding taxes, ZF (Australia) will have the option to redeem those Notes in accordance with the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Subordinated Notes, as the case may be.

(e) Other Australian tax matters

Under Australian laws as presently in effect:

- *death duties* – no Notes will be subject to death, estate or succession duties imposed or levied by the Commonwealth of Australia, or any political subdivision or authority thereof or therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* – no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of any Notes;
- *TFN/ABN withholding* – withholding tax is imposed (see below for the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“**TFN**”), (in certain circumstances) an Australian Business Number (“**ABN**”) or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then such withholding should not apply to payments to a non-resident of Australia for tax purposes that does not derive the interest in connection with a business carried on at or through a permanent establishment in Australia.

The rate of withholding tax is 47% from the 2017-18 income year;

- *additional withholdings from certain payments to non-residents* – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current Australian IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner of Taxation may give a direction requiring ZF (Australia) to deduct from any payment to a Holder any amount in respect of Australian tax payable by the Holder. If ZF (Australia) is served with such a direction, then the ZF (Australia) will comply with that direction and make any deduction required by that direction, and no additional amount will be payable to the Noteholder, as set out in more detail in the Terms and Conditions;
- *supply withholding tax* – payments in respect of the Notes can be made free and clear of any “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia; and
- *goods and services tax (“GST”)* – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of a supply to a non-resident Noteholder outside Australia and certain areas offshore of Australia, which together comprise the “indirect tax zone”) a GST-free supply. Furthermore, neither the payment of principal or interest by ZF (Australia), nor the disposal of the Notes, should give rise to any GST liability in Australia.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealer agreement (as further amended or supplemented from time to time, the “**Dealer Agreement**”) dated 22 May 2018 agreed with the Issuers as to the basis upon which they or any of them may from time to time agree to subscribe for Notes. Any such agreement will extend to those matters stated under “Description of Notes in Global Form”, “Terms and Conditions of the Senior Notes”, “Terms and Conditions of the Subordinated Notes and Deeply Subordinated Notes” and “Terms and Conditions of the Subordinated Notes” above. In the Dealer Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to the payment for such Notes being made to the relevant Issuer.

United States

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in accordance with Regulation S under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed that it will offer, sell and deliver Notes (i) as part of their distribution at any time and (ii) otherwise until forty days after the completion of the distribution of all Reg. S Notes of the Tranche of which such Notes are a part, as determined and certified to the Agent or the Issuer by the Relevant Dealer (or, in the case of a sale of a series of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Series purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have, or the Lead Manager has, so certified), only outside the United States to non-U.S. persons in accordance with Rules 903 and 904 of Regulation S under the U.S. Securities Act. Accordingly, each Dealer has represented and agreed that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Rule 902 of Regulation S) with respect to the Notes, and that it and they have complied and will comply with the offering restrictions of Regulation S. Each Dealer has also agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Reg. S Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the above paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold only outside the United States to persons other than U.S. persons (“**foreign purchasers**”, which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in reliance upon Regulation S. As used in this discussion of “Subscription and Sale” — “United States”, the terms “**Offshore transaction**”, “**United States**” and “**U.S. person**” have the meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the U.S. Securities Act.
- (4) It will not resell or otherwise transfer any Notes within two years after the original issuance of the Notes except (A) to the Issuer or any subsidiary of the Issuer, (B) outside the United States in an Offshore transaction in compliance with Rule 904 under the U.S. Securities Act, (C) pursuant to the exemption from registration provided by Rule 144 under the U.S. Securities Act (if available) or (D) pursuant to an effective registration statement under the U.S. Securities Act.
- (5) It will give to each person to whom it transfers Notes notice of any restrictions on transfer of those Notes.
- (6) It understands that the Reg. S Notes offered will be represented by a Reg. S Global Note. Before any interest in a Reg. S. Global Note may be offered, sold, pledged or otherwise transferred to a person who is not a foreign purchaser, the transferee will be required to provide the Trustee with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restrictions referred to above.
- (7) It understands that each of the Reg. S Notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder of particular Notes:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF BENEFIT OF, U.S. PERSONS. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE THAT IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH THE ISSUER OF THIS SECURITY OR ANY AFFILIATED PERSON OF THE ISSUER WAS THE OWNER OF THIS SECURITY, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY OF THE ISSUER, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED IN THIS STATEMENT, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE U.S. SECURITIES ACT.

- (8) It will not sell or otherwise transfer Notes to, and each purchaser represents and covenants that it is not acquiring the Notes for or on behalf of, and will not transfer Notes to, any “employee benefit plan” as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (“**ERISA**”) which is subject to Title I of ERISA or any “plan” as defined in Section 4975 of the Code, which is subject to Section 4975 of the Code (in such case, a “**Plan**”), or any entity the assets of which constitute “plan assets” of any Plan for the purposes of ERISA or Section 4975 of the Code (a “**Plan Entity**”).
- (9) It acknowledges that the Trustee for the Notes will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions described above have been complied with.
- (10) It acknowledges that the Issuers, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations and agreements deemed to have been made by its purchase of Notes are no longer accurate, it will promptly notify the Issuer and the Dealers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

Prohibition of Sales to EEA Retail Investors

Where the relevant Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Where the relevant Pricing Supplement in respect of any Notes does not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking:** in relation to any Notes which have a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”) and disclosure under the Financial Instruments and Exchange Act has not been and will not be made with respect to the Notes. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it has not, directly or indirectly, offered, sold, resold or otherwise transferred and will not, directly or indirectly, offer sell, resell or otherwise transfer any Notes or any interest therein, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering resale or otherwise transferring, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001) in relation to the Programme or offer of the Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue, sale or purchase in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any offering circular, information memorandum or any other offering material or advertisement relating to the Notes in Australia,

in each case unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001;
- (ii) such offer is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws and directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable laws and regulations in force in any country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes any offering material in relation to such Notes and will obtain any consent, approval or permission required by it for the subscription, offer, sale or delivery by it of Notes or possession or distribution of such offering material

under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such subscription, offer or sale.

No Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

FORM OF PRICING SUPPLEMENT OF THE SENIOR NOTES

Pricing Supplement dated [●]

[Zurich Finance (Luxembourg) S.A. (“ZF (Luxembourg)”)]/[Zurich Finance (UK) plc (“ZF (UK)”)]/[Zurich Finance Australia Limited (“ZF (Australia)”)]/[Zurich Holding Company of America Inc. (“ZHCA”)]/[Zurich Insurance Company Ltd]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Senior Notes]

[Guaranteed by Zurich Insurance Company Ltd]

under the USD18,000,000,000

Euro Medium Term Note Programme

Part A Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange www.bourse.lu and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – *[appropriate target market legend to be included.]*

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

- | | | |
|---|---|--|
| 1 | Issuer: | [●] |
| 2 | Guarantor | [Zurich Insurance Company Ltd/Not Applicable] |
| 3 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | [(iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [date]] |
| 4 | Specified Currency or Currencies: | [●] |
| 5 | Aggregate Nominal Amount of Notes admitted to trading: | [●] |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |

6	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [●]]
7	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount:	[●]
8	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
9	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
10	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] [Zero Coupon] (further particulars specified below)
11	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
12	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
13	[(i)] Status of the Notes:	Senior
	[(ii)] Status of the Guarantee;	[Senior/Not Applicable]
	[(iii)] Specified Maximum Amount;	[●]
	[(iv)] [Date [Board] approval for issuance of Notes obtained:]	[●] <i>[(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]</i>
14	Initial Permitted Non-Qualifying Lender[s]:	[●]

Provisions Relating to Interest (if any) Payable

15	Fixed Rate Note and Fixed to Floating Rate Note Provisions:	[Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “ Fixed Rate End Date ”)] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year commencing on [●] to and including [●]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Fixed Day Count Fraction:	[30/360/Actual/Actual (ICMA)/[other] (please specify)]
	(vi) Determination Dates:	[●] in each year
16	Floating Rate Note and Fixed to Floating Rate Note	[Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] <i>(If not</i>

Provisions:	<i>applicable, delete the remaining sub-paragraphs of this paragraph.)</i>
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●]
(iii) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iv) Additional Business Centre(s):	[●]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(vii) Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
– Reference Rate:	[●] month [LIBOR/EURIBOR/ [other] (<i>please specify</i>)]
– Interest Determination Date(s):	[●]
– Relevant Screen Page:	[●]
(viii) ISDA Determination:	
– Floating Rate Option:	[LIBOR/EURIBOR/ [other] (<i>please specify</i>)]
– Designated Maturity:	[●]
– Reset Date:	[●]
(ix) Linear Interpolation:	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(x) Margin(s):	[+/-][●] per cent. per annum
(xi) Margin Step-Up Date(s):	[[●] [and [●]]/Not Applicable]
(xii) Step-Up Margin:	[[+/-][●] per cent. per annum/Margin [+/-] [1.00]/[●] per cent. per annum/[●]/Not Applicable]
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[[Actual/Actual]/[Actual/Actual (ICMA)],[Actual/Actual (ISDA)],[Actual/365 (Fixed)],[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[360/360]/[Bond Basis][Eurobond Basis]/[30E/360 (ISDA)]]
17 Fixed Rate Reset Note Provisions	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i>)
(i) Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
(ii) Reset Rate:	[Mid-Swap Rate/Benchmark Gilt/Reference Bond Rate]
(iii) Initial Reset Margin:	[+/-][●] per cent. per annum
(iv) Subsequent Reset Margin:	[[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00]/[●] per cent. per annum/Not Applicable]

- (v) Interest Payment Date(s): [●] [and [●]] in each year up to and including the Maturity Date
- (vi) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[●] per Calculation Amount/Not Applicable]
- (vii) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (viii) First Reset Date: [●]
- (ix) Subsequent Reset Date(s): [[●] [and [●]]/Not Applicable]
- (x) Reset Rate Screen Page: [[●]/Not Applicable]
- (xi) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
- (xii) Mid-Swap Maturity: [[●]/Not Applicable]
- (xiii) Reference Banks: [●]
- (xiv) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
- (xv) Reset Determination Dates: [●]
- (xvi) Calculation Agent: [●]
- (xvii) Mid-Swap Benchmark Rate: [EURIBOR/LIBOR/[other] (*please specify*)/Not Applicable]
- (xviii) Benchmark Gilt: [[●]/Not Applicable]
- (xix) Reference Bond: [[●]/Not Applicable]

Zero Coupon Note Provisions

- 18 (i) [Amortisation Yield:] [[●] per cent per annum]
- (ii) [Amortised Face Amount:] [●]
- (iii) [Day Count Fraction:] [Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]

Provisions Relating to Redemption

- 19 Call Option: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
 - (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [As per Condition 7(e)/[●]]
 - (viii) Clean-Up Event Call: [Applicable/Not Applicable]
 - (ix) Clean-Up Threshold Percentage: [[●] per cent/Not Applicable]
 - (ix) Clean-Up Redemption Price: [[●] per Calculation Amount/Not Applicable]
 - (xi) Early Event Call Period: [As per Condition 7(f)/[●]]
- 20 Put Option: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
 - (i) [Optional Redemption Date(s):] [●]

- (ii) [Optional Redemption Amount(s) of each Note:] [[●] per Calculation Amount]
- (iii) [Notice period:] [●]
- 21 Final Redemption Amount of each Note: [●] per Calculation Amount
- 22 Early Redemption Amount: [●]

General Provisions Applicable to the Notes

- 23 Form of Notes: Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]
- [In the case of Notes issued by ZHCA: A Permanent Global Note may only be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, Coupons and Talons attached (i) if an Event of Default occurs in respect of any Note or (ii) if Euroclear or Clearstream ceases business permanently and no alternative clearing system satisfactory to the Trustee is available.]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]
- [In the case of Listed Swiss Franc Notes:] [Permanent Global SIS Note]
- 24 New Global Note Form: [Yes/No]
- 25 Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f): [Not Applicable/[●]]
- 26 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
- 27 Consolidation provisions:
- (i) Listed Swiss Franc Note: [Yes/No]
- (ii) Identity of Principal Swiss Paying Agent and other Paying Agents: [●]
- 28 Restricted Note (Condition 15(a) shall apply): [Yes/No]
- (i) Restricted Note Minimum Denomination Amount: [●]
- (ii) Restricted Note Transfer Amount: [●]
- (iii) Number of Permitted Non-Qualifying Lenders: [●]
- 28 Meetings of Noteholders: [As per Condition 12(a)/12(b)(i)/12(b)(ii)]
- 29 Relevant Benchmark(s) [[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof,

[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

Responsibility

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

[By:

Duly authorised

Duly authorised]

[Signed on behalf of the Guarantor:

By:

[By:

Duly authorised

Duly authorised]]

PART B — OTHER INFORMATION

1 Listing and Admission to Trading

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to admission to trading: [●]

2 Ratings

- Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[[Other]: [●]]
[and endorsed by [insert details]]

3 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

4 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- [(i) Reasons for the offer: [●]
(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii)] Estimated net proceeds: [●]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- [(iii)] Estimated total expenses: [●]. [Include breakdown of expenses.]
(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

5 [Yield (Fixed Rate Notes only)

- Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Operational Information

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. [Not Applicable/[●]]

and the relevant identification number(s):

- (iv) Delivery: Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

- 7 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- 8 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 9 U.S. Selling Restrictions: [Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
- 10 Additional selling restrictions: [Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/*give details*]
- 11 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES AND DEEPLY SUBORDINATED NOTES

Pricing Supplement dated [●]

Zurich Insurance Company Ltd

Issue of [Aggregate Nominal Amount of Tranche] [Title of [Deeply] Subordinated Notes]

under the USD18,000,000,000

Euro Medium Term Note Programme

Part A Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange www.bourse.lu and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – *[appropriate target market legend to be included.]*

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1	Issuer:	Zurich Insurance Company Ltd
2	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	[(iii) Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about <i>[date]</i>]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount of Notes admitted to trading:	[●]
	(i) Series:	[●]
	(ii) Tranche:	[●]
5	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [●]]

6	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
8	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
9	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] (further particulars specified below)
	(ii) Optional Deferral of interest:	[Applicable /Not Applicable]
	(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	[Yes /No]
	(iv) Mandatory settlement of Arrears of Interest:	[As per Condition 5(e)(iv)/[other] (<i>please specify</i>)]
10	Redemption/Payment Basis:	[Redemption at par/ [●] per cent. of par] <i>(N.B. only relevant for dated Subordinated Notes)</i>
11	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
12	Write-Down Event:	[Applicable/Not Applicable] <i>If Not Applicable, delete the remaining subparagraph of this paragraph</i>
	[(i)] Description of Write-Down Event	[ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover [●] per cent. of the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with the Applicable Regulations, as shown in the most recent FINMA Submission (and the date of such FINMA Submission shall be considered as the date on which the Write-Down Event occurs)/[specify details of any provision concerning an alternative Write-Down Event]. “ FINMA Submission ” means [●].
13	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
14	[(i)] Status of the Notes:	[Deeply] Subordinated
	[(ii)] [Date [Board] approval for issuance of Notes obtained:]	[●] <i>(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)</i>
15	[Initial Permitted Non-Qualifying Lender[s]:	[●]]
Provisions Relating to Interest (if any) Payable		
16	Fixed Rate Note and Fixed to Floating Rate Note Provisions:	[Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “ Fixed Rate End Date ”)]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year commencing on [●] to and including [●]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Fixed Day Count Fraction: [30/360/Actual/Actual (ICMA)/[other] (please specify)]
- (vi) Determination Dates: [●] in each year
- 17 Floating Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Additional Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination: [Offered quotation/Arithmetic mean of offered quotations]
- Reference Rate: [●] month [LIBOR/EURIBOR/ [other] (please specify)]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- (viii) ISDA Determination:
- Floating Rate Option: [LIBOR/EURIBOR/ [other] (please specify)]
- Designated Maturity: [●]
- Reset Date: [●]
- (ix) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Margin Step-Up Date(s): [[●] [and [●]]/Not Applicable]
- (xii) Step-Up Margin: [[+/-][●] per cent. per annum/Margin [+/-] [1.00]/[●] per cent. per annum/[●]/Not Applicable]

(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual(ICMA)]/[Actual/Actual (ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
18	Fixed Rate Reset Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(xx)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
(xxi)	Reset Rate:	[Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond]
(xxii)	Initial Reset Margin:	[+/-][●] per cent. per annum
(xxiii)	Subsequent Reset Margin:	[[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00]/[●] per cent. per annum/Not Applicable]
(xxiv)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date
(xxv)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[●] per Calculation Amount/Not Applicable]
(xxvi)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(xxvii)	First Reset Date:	[●]
(xxviii)	Subsequent Reset Date(s):	[[●] [and [●]]/Not Applicable]
(xxix)	Reset Rate Screen Page:	[[●]/Not Applicable]
(xxx)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
(xxxi)	Mid-Swap Maturity:	[[●]/Not Applicable]
(xxxii)	Reference Banks:	[●]
(xxxiii)	Day Count Fraction:	[[Actual/Actual]/[Actual/Actual/ISDA]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/ [360/360]/[Bond Basis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual-ICMA]]
(xxxiv)	Reset Determination Dates:	[●]
(xxxv)	Calculation Agent:	[●]
(xxxvi)	Mid-Swap Benchmark Rate:	[EURIBOR/LIBOR/[other] <i>(please specify)</i> /Not Applicable]
(xxxvii)	Benchmark Gilt	[[●]/Not Applicable]
(xxxviii)	Reference Bond	[[●]/Not Applicable]

Provisions Relating to Redemption

19	Call Option:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii)	Notice period:	[As per Condition 6(c)/[●]]

(iv)	Accounting Event Call:	[Applicable/Not Applicable]
(v)	Initial Accounting Treatment Methodology:	[liabilities/equity]
(vi)	Rating Agency Event Call:	[Applicable/Not Applicable]
(vii)	Regulatory Event Call:	[Applicable/Not Applicable]
(viii)	Clean-Up Event Call:	[Applicable/Not Applicable]
(ix)	Clean-Up Threshold Percentage:	[[●] per cent./Not Applicable]
(ix)	Clean-Up Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(x)	Special Event Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(xi)	Early Event Call Period:	[As per Condition 6(f)/[●]]
20	Final Redemption Amount of each Note:	[●] per Calculation Amount

General Provisions Applicable to the Notes

21	Form of Notes:	<p>Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note [which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]</p>
	[In the case of Listed Swiss Franc Notes:]	[Permanent Global SIS Note]
22	New Global Note Form:	[Yes/No]
23	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f):	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]
25	Consolidation provisions:	
	(i) Listed Swiss Franc Note:	[Yes/No]
	(ii) Identity of Principal Swiss Paying Agent and other Paying Agents:	[●]
26	Restricted Note (Condition 15(a) shall apply):	[Yes/No]
	(i) Restricted Note Minimum Denomination Amount:	[●]
	(ii) Restricted Note Transfer Amount:	[●]
	(iii) Number of Permitted Non-Qualifying Lenders:	[●]

- 28 Meetings of Noteholders [As per Condition 12(a)/12(b)(i)/12(b)(ii)]
- 29 Relevant Benchmark(s) [[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

Responsibility

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

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

[By:

Duly authorised

Duly authorised]

PART B — OTHER INFORMATION

27 Listing and Admission to Trading

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to [●] admission to trading:

28 Ratings:

Ratings: The Notes to be issued have been rated:
 [S & P: [●]]
 [Moody’s: [●]]
 [[Other]: [●]]
 [and endorsed by [insert details]]

29 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

30 **[Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

- [(i) Reasons for the offer: [●]
(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii) Estimated net proceeds: [●]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- [(iii) Estimated total expenses: [●]. [Include breakdown of expenses.]
(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

31 **[Yield (Fixed Rate Notes only)**

- Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

32 **Operational Information**

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[●]]
- (iv) Delivery: Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[include this text for registered notes] . Note that this

does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

33	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i>]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/ <i>give names</i>]
34	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i>]
35	U.S. Selling Restrictions:	[Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
36	Additional selling restrictions:	[Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/ <i>give details</i>]
37	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]

FORM OF PRICING SUPPLEMENT OF THE SUBORDINATED NOTES

Pricing Supplement dated [●]

[Zurich Finance (Luxembourg) S.A. (“ZF (Luxembourg)”)]/[Zurich Finance (UK) plc (“ZF (UK)”)]/[Zurich Finance Australia Limited (“ZF (Australia)”)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Subordinated Notes]

[Guaranteed by Zurich Insurance Company Ltd]

under the USD18,000,000,000

Euro Medium Term Note Programme

Part A Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 22 May 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a prospectus for purposes of Part IV of the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the “**Prospectus Act 2005**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. [The Base Prospectus [, the supplement[s] to the Base Prospectus, the Pricing Supplement] [are] available for viewing on the website of the Luxembourg Stock Exchange www.bourse.lu and at [website] [and] during normal business hours at [address] [and copies may be obtained from [address].]

[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MIFID II PRODUCT GOVERNANCE / TARGET MARKET – [appropriate target market legend to be included.]]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

- | | | |
|---|---|--|
| 1 | Issuer: | [●] |
| 2 | Guarantor: | [Zurich Insurance Company Ltd] |
| 3 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | [(iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>identify earlier Tranches</i>] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [<i>date</i>]] |
| 4 | Specified Currency or Currencies: | [●] |
| 5 | Aggregate Nominal Amount of Notes admitted to trading: | [●] |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 6 | Issue Price: | [●] per cent of the Aggregate Nominal Amount [plus accrued |

		interest from [●]]
7	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof] [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount	[●]
8	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Not Applicable]
9	Maturity Date:	[[●]/The Interest Payment Date falling in or nearest to [●]/Not Applicable]
10	(i) Interest Basis:	[[●] per cent Fixed Rate] [[●] month LIBOR/ EURIBOR/[other]] +/- [●] per cent Floating Rate] [Fixed Rate Reset] [Fixed to Floating Rate] (further particulars specified below)
	(ii) Optional Deferral of interest:	[Applicable /Not Applicable]
	(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	[Yes /No]
	(iv) Mandatory settlement of Arrears of Interest:	[As per Condition 6(e)(iv)/[other] (<i>please specify</i>)]
11	Redemption/Payment Basis:	[Redemption at par/ [●] per cent. of par] (<i>N.B. only relevant for dated Subordinated Notes</i>)
12	Change of Interest or Redemption/Payment Basis:	[●]/Fixed Rate Reset Notes/Fixed to Floating Rate Notes]
13	Write-Down Event:	[Applicable/Not Applicable] <i>If Not Applicable, delete the remaining subparagraph of this paragraph. This provision may be applicable to issues by Zurich Finance (Luxembourg) S.A. and Zurich Finance (Australia) Limited but is not applicable to issues by Zurich Finance (UK) plc.</i>
	[(i)] Description of Write-Down Event	[ZIC and/or the Zurich Insurance Group does not have appropriate funds to cover [●] per cent. of the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with the Applicable Regulations, as shown in the most recent FINMA Submission (and the date of such FINMA Submission shall be considered as the date on which the Write-Down Event occurs)/[specify details of any provision concerning an alternative Write-Down Event]. “ FINMA Submission ” means [●].
14	Call Options:	[Issuer Call (further particulars specified below)] [Not Applicable]
15	[(i)] Status of the Notes:	Subordinated
	[(ii)] Status of the Guarantee:	Subordinated
	[(iii)] Specified Maximum Amount:	[●]
	[(iv)] [Date [Board] approval for issuance of Notes	[●] (<i>N.B. Only relevant where Board (or similar) authorisation is</i>

obtained:]

required for the particular tranche of Notes)]

Provisions Relating to Interest (if any) Payable

- 16 Fixed Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from and including [●] to, but excluding, [●] (the “Fixed Rate End Date”)]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]
 - (ii) Interest Payment Date(s): [●] in each year commencing on [●] to and including [●]
 - (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
 - (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
 - (v) Fixed Day Count Fraction: [30/360/Actual/Actual (ICMA)/[other] (please specify)]
 - (vi) Determination Dates: [●] in each year
- 17 Floating Rate Note and Fixed to Floating Rate Note Provisions: [Applicable/ Not Applicable/ Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, [●]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): [●]
 - (ii) Specified Interest Payment Dates: [●]
 - (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
 - (iv) Additional Business Centre(s): [●]
 - (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
 - (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
 - (vii) Screen Rate Determination: [Offered quotation/Arithmetic mean of offered quotations]
 - Reference Rate: [●] month [LIBOR/EURIBOR/ [other] (please specify)]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
 - (viii) ISDA Determination:
 - Floating Rate Option: [LIBOR/EURIBOR/ [other] (please specify)]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - (ix) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Margin Step-Up Date(s): [[●] [and ●]]/Not Applicable]
- (xii) Step-Up Margin: [[+/-][●] per cent. per annum/Margin [+/-] [1.00][●] per cent. per annum/[●]/Not Applicable]
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction: [[Actual/Actual]/[Actual/Actual/ISDA]/[Actual/365 (Fixed)],[Actual/360]/[30/360]/ [360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)],[Actual/Actual-ICMA]]

18 **Fixed Rate Reset Note Provisions**

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (xxxix) Initial Rate of Interest: [●] per cent. per annum payable in arrear [on each Interest Payment Date]
- (xl) Reset Rate: [Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond]
- (xli) Initial Reset Margin: [+/-][●] per cent. per annum
- (xlii) Subsequent Reset Margin: [[+/-][●] per cent. per annum/Initial Reset Margin [+/-][1.00][●] per cent. per annum/Not Applicable]
- (xlili) Interest Payment Date(s): [●] [and ●] in each year up to and including the Maturity Date
- (xliv) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[●] per Calculation Amount/Not Applicable]
- (xlv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (xlvi) First Reset Date: [●]
- (xlvii) Subsequent Reset Date(s): [[●] [and ●]]/Not Applicable]
- (xlviii) Reset Rate Screen Page: [[●]/Not Applicable]
- (xlix) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable]
- (l) Mid-Swap Maturity: [[●]/Not Applicable]
- (li) Reference Banks: [●]
- (lii) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ICMA)],[Actual/Actual (ISDA)],[Actual/365 (Fixed)],[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30 E/360 (ISDA)]
- (liii) Reset Determination Dates: [●]
- (liv) Calculation Agent: [●]
- (lv) Mid-Swap Benchmark Rate: [EURIBOR/LIBOR/[other] *(please specify)*]/Not Applicable]
- (lvi) Benchmark Gilt [[●]/Not Applicable]
- (lvii) Reference Bond [[●]/Not Applicable]

Provisions Relating to Redemption

- 19 Call Option: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]

(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii)	Notice period:	[As per Condition 7(c)/[●]]
(iv)	Accounting Event Call:	[Applicable/Not Applicable]
(v)	Initial Accounting Treatment Methodology:	[liabilities/equity]
(vi)	Rating Agency Event Call:	[Applicable/Not Applicable]
(vii)	Regulatory Event Call:	[Applicable/Not Applicable]
(viii)	Clean-Up Event Call:	[Applicable/Not Applicable]
(ix)	Clean-Up Threshold Percentage:	[[●] per cent./Not Applicable]
(ix)	Clean-Up Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(x)	Special Event Redemption Price:	[[●] per Calculation Amount/Not Applicable]
(xi)	Early Event Call Period:	[As per Condition 7(f)/[●]]
20	Final Redemption Amount of each Note:	[●] per Calculation Amount

General Provisions Applicable to the Notes

21	Form of Notes:	<p>Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]</p> <p>Registered Notes: [Registered Note exchangeable into [Individual Registered Notes] if requested by the holder upon not less than 40 days' notice/only in the limited circumstances described in the Base Prospectus] [[Individual Registered Notes]]</p> <p>[In the case of Listed Swiss Franc Notes:] [Permanent Global SIS Note]</p>
22	New Global Note Form:	[Yes/No]
23	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 12(f):	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]
25	Consolidation provisions:	<p>(i) Listed Swiss Franc Note: [Yes/No]</p> <p>(ii) Identity of Principal Swiss Paying Agent and other Paying Agents: [●]</p>
26	Meetings of Noteholders	As per Condition 13(a)
27	Relevant Benchmark(s)	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof,

[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

Responsibility

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

[By:

Duly authorised

Duly authorised]

[Signed on behalf of the Guarantor:

By:

[By:

Duly authorised

Duly authorised]]

PART B — OTHER INFORMATION

28 Listing and Admission to Trading

- (i) Listing: [Luxembourg/other (*specify*)/None].
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
- (iii) Estimate of total expenses related to admission to trading: [●]

29 Ratings:

- Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[[Other]: [●]]
[and endorsed by [insert details]]

30 [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

31 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- [(i) Reasons for the offer: [●]
(See [“Use of Proceeds”] wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii)] Estimated net proceeds: [●]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]
- [(iii)] Estimated total expenses: [●]. [Include breakdown of expenses.]
(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]]

32 [Yield (Fixed Rate Notes only)

- Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

33 Operational Information

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. [Not Applicable/[●]]

and the relevant identification number(s):

- (iv) Delivery: Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s): [●]
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /
[No. Whilst the designation is specified as “no” at the date of these Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)[*include this text for registered notes*] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

- 34 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- 35 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 36 U.S. Selling Restrictions: [Reg. S Compliance Category: TEFRA C/TEFRA D/TEFRA not applicable]
- 37 Additional selling restrictions: [Not Applicable/Regulation S category 1/Regulation S category 2/Regulation S category 3/*give details*]
- 38 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

GENERAL INFORMATION

1. The update of the Programme and the issue of Notes has been duly authorised by resolutions of the Board of Directors of ZF (Luxembourg) on 8 May 2018, by resolutions of the Board of Directors of ZF (UK) on 20 April 2018 by resolutions of the Board of Directors of ZHCA on 14 May 2018 and by resolutions of the Board of Directors of ZF (Australia) on 14 May 2018. The update of the Programme and the issue and guarantee of Notes has been duly authorised by resolutions of the Board of Directors of ZIC dated 21 October 2009, 4 May 2011, 12 December 2015, 11 December 2016 and 14 December 2017.
2. Application has been made for Notes issued under the Programme to be admitted to trading on the Euro MTF Market, and listed on the Official List, of the Luxembourg Stock Exchange.
3. The Legal Entity Identifier for each of the Issuers is as follows:
 - (i) ZIC Insurance Company Ltd - 81560058C3C0CEB63B79;
 - (ii) Zurich Finance (Luxembourg) S.A. - 549300GLL7W7YGF3LR26;
 - (iii) Zurich Finance (UK) plc - 213800LG3O6I2B27MS24;
 - (iv) Zurich Holding Company of America, Inc. - 549300UWJXVWVO6BRM06; and
 - (v) Zurich Finance (Australia) Limited - 5493000MG51V5MO6LH60.
4. So long as Notes are capable of being issued under the Programme, copies of the documents are, or will, when published, be available free of charge from the registered office of each Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg and the documents set out in paragraph (iv) and (v) below will also be available for viewing on the Luxembourg Stock Exchange website at www.bourse.lu:
 - (i) the constitutional documents (with, if applicable, an English translation thereof) of each Issuer;
 - (ii) the most recently published (i) audited consolidated financial statements of the ZIC Group, together with the respective auditors' reports thereon and the notes thereto (if applicable); (ii) audited financial statements of ZIC, ZF (UK), ZF (Luxembourg) and ZF (Australia), together with the respective auditors' reports thereon and the notes thereto (if applicable) (in each case with, if applicable, an English translation thereof); (iii) the unaudited annual financial statements of ZHCA; and (iv) in respect of ZF (UK) and ZHCA only, any quarterly or half-yearly financial statements after the date hereof. None of ZF (Australia), ZF (Luxembourg) nor ZIC are required to publish interim accounts;
 - (iii) the Dealer Agreement, the Trust Deed, the Agency Agreement, the forms of the bearer and registered Global Notes and the Notes in bearer definitive and individual registered form, the Coupons, the Talons, each ZIC Senior Guarantee, each ZIC Subordinated Guarantee and each agency agreement entered into in relation to an issue of Listed Swiss Franc Notes (which will contain the form of permanent global certificate in respect of such Notes);
 - (iv) a copy of this Base Prospectus;
 - (v) any future base prospectuses, information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference, and Pricing Supplement (save that Pricing Supplement relating to a Note which is not admitted to listing, trading and/or quotation by any stock exchange, listing authority and/or quotation system will only be available for inspection at the registered office of the relevant Issuer by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer as to its holding and identity); and
 - (vi) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).
5. The Notes have been accepted for clearance and settlement through Euroclear (Boulevard du Roi Albert II B-1210 Brussels, Belgium), Clearstream (42, Avenue J. F. Kennedy, 1855 Luxembourg) and SIS. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream or SIS will be specified in the relevant Pricing Supplement. The CUSIP numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, if applicable, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Pricing Supplement.
6. The auditors of ZIC, for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland who are members of EXPERTsuisse - Swiss Expert Association for Audit, Taxes and Fiduciary. The auditors of ZF (Luxembourg), for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg, Luxembourg who are members of the Luxembourg *Institut des Réviseurs d'Entreprises*. The auditors of ZF (UK), for the years commencing 1 January 2017 and 2016, are PricewaterhouseCoopers LLP, 31 Great George Street, Bristol BS1 5QD, United Kingdom who are members of the Institute of Chartered Accountants of England and Wales. The auditors of ZF (Australia) for the period commencing on the date of its incorporation on 29 March 2017 until 31 December 2017 are PricewaterhouseCoopers, One International Towers Sydney, Watermans Quay, Barangaroo, New South Wales, Australia who are members of Chartered Accountants Australia and New Zealand. The financial statements of the Issuers (other than ZHCA) and the Guarantor have been audited by their respective auditors. The financial statements of ZHCA are unaudited.

7. Since 31 December 2017 there has been no material adverse change in the prospects of ZIC, ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia) or the ZIC Group.
8. Since 31 December 2017 there has been no significant change in the financial or trading position of ZIC, ZF (Luxembourg), ZF (UK), ZHCA, ZF (Australia) or the ZIC Group.
9. Save as disclosed in this Base Prospectus on pages 143-144, there are no governmental, legal or arbitration proceedings (or any such proceedings which are pending or threatened of which any of the Issuers is aware) during the 12 months before the date of publication of this Base Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of any of the Issuers or on the ZIC Group.
10. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers, the Guarantor or the Issuer's or the Guarantor's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers or the Guarantor routinely hedge their credit exposure to the Issuers or the Guarantor in accordance with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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THE GUARANTOR

(in respect of Notes issued by
ZF (Luxembourg), ZF (UK), ZHCA and ZF (Australia)))

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THE TRUSTEE

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Canary Wharf
London E14 5JP
United Kingdom

UBS Limited

5 Broadgate
London EC2M 2QS
United Kingdom

Zürcher Kantonalbank

Bahnhofstrasse 9
CH-8001 Zurich
Switzerland

LUXEMBOURG LISTING AGENT

Banque Internationale à Luxembourg

69, route d'Esch
L-2953 Luxembourg
Grand Duchy of Luxembourg

PROSPECTUS SUPPLEMENT DATED 7 FEBRUARY 2019 TO THE BASE PROSPECTUS DATED 22 MAY 2018

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

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

ZURICH INSURANCE COMPANY LTD

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 22 May 2018 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 the documents which are deemed to be incorporated by reference in accordance with paragraph (a) on page 26 of the Base Prospectus. Copies of such Base Prospectus and this Prospectus Supplement have been filed with the Luxembourg Stock Exchange 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.

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, the United Kingdom, Japan and Australia.

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 its 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 132 to 144 (inclusive) of the Base Prospectus is further supplemented by the addition of the following disclosures:

Subsequent Events

Results release

On 7 February 2019, Zurich Insurance Group Ltd, the parent company of ZIC, published its consolidated financial results for the year ended 31 December 2018.

Placements of Notes

On 16 January 2019, it was announced that ZIC had placed CHF 200,000,000 0.75 per cent. senior notes due 2027.

On 18 October 2018, it was announced that ZIC had placed CHF 200,000,000 1.00 per cent. senior notes due 2028.

On 17 October 2018, it was announced that ZIC had placed EUR 500,000,000 1.500 per cent. senior notes due 2028.

On 11 June 2018, it was announced that ZIC had placed CHF 350,000,000 0.500 per cent. senior notes due 2024.

On 24 May 2018, it was announced that Zurich Finance (Australia) Limited ("**ZFAL**") had placed AUD 350,000,000 3.477 per cent. senior notes due 2023, with ZFAL's obligations under such notes guaranteed by ZIC.

Zurich Insurance Company Ltd

Issue of EUR500,000,000 2.750 per cent. Fixed-to-Floating Rate Subordinated Notes due 2049

under the USD18,000,000,000

Euro Medium Term Note Programme

Part A Contractual Terms

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

1	Issuer:	Zurich Insurance Company Ltd
2	(i) Series Number:	51
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Euro (“ EUR ”)
4	Aggregate Nominal Amount of Notes admitted to trading:	EUR 500,000,000
	(i) Series:	EUR 500,000,000
	(ii) Tranche:	EUR 500,000,000
5	Issue Price:	99.158 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:	19 February 2019
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	19 February 2049
9	(i) Interest Basis:	2.750 per cent Fixed Rate up to (but excluding) the Fixed Rate End Date (as defined below) and thereafter 3 month EURIBOR + the Margin (further particulars specified below)
	(ii) Optional Deferral of interest:	Applicable
	(iii) Optional Deferral limited to 5 years upon loss of regulatory capital credit:	No
	(iv) Mandatory settlement of Arrears of Interest:	As per Condition 5(e)(iv)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest or Redemption/Payment Basis:	See paragraphs 16 and 17 below
12	Write-Down Event:	Not Applicable
13	Call Options:	Issuer Call (further particulars specified below)

- | | | |
|----|--|---------------------------|
| 14 | (i) Status of the Notes: | Subordinated |
| | (ii) Date Board approval for issuance of Notes obtained: | 13 December 2018 |
| 15 | Initial Permitted Non-Qualifying Lender: | Argentum Netherlands B.V. |

Provisions Relating to Interest (if any) Payable

- | | | |
|----|---|---|
| 16 | Fixed Rate Note and Fixed to Floating Rate Note Provisions: | Applicable for the period from and including the Issue Date to, but excluding, 19 February 2029 (the “ Fixed Rate End Date ”) |
| | (i) Rate of Interest: | 2.750 per cent. per annum payable annually in arrear |
| | (ii) Interest Payment Date: | 19 February in each year commencing on 19 February 2020 to and including the Fixed Rate End Date |
| | (iii) Fixed Coupon Amount: | EUR 27.50 per Calculation Amount |
| | (iv) Broken Amount: | Not Applicable |
| | (v) Fixed Day Count Fraction: | Actual/Actual (ICMA) |
| 17 | Floating Rate Note and Fixed to Floating Rate Note Provisions: | Applicable for the period from, and including, the Fixed Rate End Date to, but excluding, the Maturity Date |
| | (i) Interest Period(s): | The period from and including the Fixed Rate End Date to but excluding the next Specified Interest Payment Date and thereafter, starting on such next Specified Interest Payment Date, each period from and including a Specified Interest Payment Date to but excluding the next Specified Interest Payment Date |
| | (ii) Specified Interest Payment Dates: | 19 May, 19 August, 19 November and 19 February of each year from but excluding the Fixed Rate End Date to and including the Maturity Date |
| | (iii) Business Day Convention: | Modified Following Business Day Convention |
| | (iv) Additional Business Centre(s): | Not Applicable |
| | (v) Manner in which the Rate(s) of Interest is/are to be determined: | Screen Rate Determination |
| | (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | Not Applicable |
| | (vii) Screen Rate Determination: | Offered quotation |
| | – 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: | Reuters Page EURIBOR01 (or such other screen page of Reuters or such other information service, which is the successor to Reuters Page EURIBOR01 for purposes of displaying such rates) |
| | (viii) ISDA Determination: | |
| | – Floating Rate Option: | Not Applicable |
| | – Designated Maturity: | Not Applicable |
| | – Reset Date: | Not Applicable |

	(ix) Linear Interpolation:	Not Applicable
	(x) Margin(s):	a rate of + 2.20 per cent. per annum plus, from and including the Margin Step-Up Date, the Step-Up Margin
	(xi) Margin Step-Up Date:	The Fixed Rate End Date
	(xii) Step-Up Margin:	+ 1.00 per cent. per annum
	(xiii) Maximum Rate of Interest:	Not Applicable
	(xiv) Day Count Fraction:	Actual/360
18	Fixed Rate Reset Note Provisions	Not Applicable

Provisions Relating to Redemption

19	Call Option:	Applicable
	(i) Optional Redemption Date(s):	Callable on the Fixed Rate End Date and any Specified Interest Payment Date thereafter
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	EUR1,000 per Calculation Amount
	(iii) Notice period:	As per Condition 6(c)
	(iv) Accounting Event Call:	Applicable
	(v) Initial Accounting Treatment Methodology:	Liabilities
	(vi) Rating Agency Event Call:	Applicable
	(vii) Regulatory Event Call:	Applicable
	(viii) Clean-Up Event Call:	Applicable
	(ix) Clean-Up Threshold Percentage:	80 per cent.
	(ix) Clean-Up Redemption Price:	EUR1,000 per Calculation Amount
	(x) Special Event Redemption Price:	EUR1,000 per Calculation Amount
	(xi) Early Event Call Period:	As per Condition 6(f)
20	Final Redemption Amount of each Note:	EUR1,000 per Calculation Amount

General Provisions Applicable to the Notes

21	Form of Notes:	Individual Registered Notes
22	New Global Note Form:	No
23	Additional Financial Centres or other special provisions relating to Payment Days for the purpose of Condition 11(f):	Not Applicable
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
25	Consolidation provisions:	
	(i) Listed Swiss Franc Note:	No
	(ii) Identity of Principal Swiss Paying Agent and other Paying Agents:	Not Applicable

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

Responsibility

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

Signed on behalf of the Issuer:

By: 

Duly authorised

By: 

Duly authorised

PART B — OTHER INFORMATION

29 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 |

30 Ratings:

Ratings:	The Notes to be issued are expected to be rated: S & P: A Moody's: A2
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31 Operational Information

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

Distribution

- | | | | |
|----|------|---|----------------------|
| 32 | (i) | If syndicated, names of Managers: | Not Applicable |
| | (ii) | Stabilising Manager(s) (if any): | Not Applicable |
| 33 | | If non-syndicated, name of Dealer: | Not Applicable |
| 34 | | U.S. Selling Restrictions: | TEFRA not applicable |
| 35 | | Additional selling restrictions: | Not Applicable |
| 36 | | Prohibition of Sales to EEA Retail Investors: | Not Applicable |

Registered Office of the Issuer

ARGENTUM NETHERLANDS B.V.

Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

TRUSTEE AND MANAGERS' TRUSTEE

BNY Mellon Corporate Trustee Services Limited

One Canada Square
London E14 5AL
United Kingdom

**ISSUING AND PAYING AGENT, CUSTODIAN AND
ENFORCEMENT AGENT**

The Bank of New York Mellon, acting through its

London Branch
One Canada Square
London E14 5AL
United Kingdom

**CALCULATION AGENT
AND DISPOSAL AGENT**

Credit Suisse International

One Cabot Square
London E14 4QJ

LEGAL ADVISERS

To the Managers as to Dutch law

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1082 MC Amsterdam
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1070 NB
The Netherlands

To the Managers as to English law

Simmons & Simmons LLP

CityPoint
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United Kingdom

LISTING AGENT

Arthur Cox Listing Services Limited

Ten Earlsfort Terrace
Dublin 2
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