SG STRUCTURED PRODUCTS, INC.
REGISTERED INVESTMENT COMPANY-LINKED NOTES

PRODUCT SUPPLEMENT

(To the Offering Memorandum dated July 16, 2013)

Payment or delivery of all amounts due and payable or deliverable under the Registered Investment Company-Linked Notes is irrevocably and unconditionally guaranteed pursuant to a Guarantee issued by

Société Générale, New York Branch

We, SG Structured Products, Inc. (the "**Issuer**"), an indirect subsidiary of Société Générale, a French banking corporation ("**Société Générale**"), may offer from time to time, pursuant to the offering memorandum, dated July 16, 2013 (the "**Offering Memorandum**"), and this product supplement (the "**Product Supplement**"), the Registered Investment Company-Linked Notes (each, a "**Note**" and together, the "**Notes**") as part of one or more series of notes, certificates or securities issued by us under the **Program** (as defined herein). The specific terms of each offering of Notes will be set forth in the applicable pricing supplement (the "**Pricing Supplement**"). You should read this Product Supplement, the Offering Memorandum, and the applicable Pricing Supplement carefully before investing in the Notes. If the terms described in this Product Supplement are different or inconsistent with those described in the Offering Memorandum, the terms described in this Product Supplement will govern the Notes. If the terms described in the applicable Pricing Supplement are different or inconsistent with those described herein or in the Offering Memorandum, the terms described in the applicable Pricing Supplement will govern the Notes.

General Terms of the Notes:

Payment at Maturity or Redemption: If you hold your Notes to maturity (or Redemption (as defined herein)), for each Note, you may receive a payment, which may or may not include the return of all or any portion of your initial investment, as specified in the applicable Pricing Supplement, subject to the credit risk of the Issuer and the Guarantor (the "**Redemption Amount**").

Early Redemption: Terms of specific Notes may permit or require early redemption at the option of the Issuer ("**Early Redemption**"). Unless otherwise specified in the applicable Pricing Supplement, you may not redeem the Notes prior to Redemption. The applicable Pricing Supplement will indicate the terms of the Early Redemption option, if any.

Redemption: For purposes of this Product Supplement, each of the maturity, accelerated maturity and/or Early Redemption of the Notes, as applicable, shall be referred to as "**Redemption.**" The date of the Redemption may be referred to as "Early Redemption Date," "Accelerated Maturity Date," "Maturity Date" or any Redemption Date, as applicable, specified in the Pricing Supplement and each of these dates shall herein be referred to as the "**Redemption Date**."

Coupon: The applicable Pricing Supplement will specify whether or not the Notes will include any periodic Coupon Payment(s). If the Notes include any Coupon Payment(s), the applicable Pricing Supplement will specify the calculation used to determine each Coupon Payment amount, if any, and the dates on which you receive such Coupon Payments (each such date shall herein be referred to as a "**Coupon Payment Date**" and together, the "**Coupon Payment Dates**"**).**

Coupon Payments: The applicable Pricing Supplement may specify one or more interest payments, if any, (each a "**Coupon Payment**" and together, the "**Coupon Payments**") on the Notes and whether the rate of interest (the "**Coupon Rate**") for each of such Coupon Payments is based on movements in the level or value of other events relating to one or more Reference Funds and the dates on which the applicable Relevant Value(s) for each Coupon Period is determined by the Calculation Agent (each a "**Determination Date**" and together, the "**Determination Dates**").

Reference Fund or Reference Funds: The principal, Coupon Payments or any other amounts payable on the Notes may be based on the performance of a hypothetical investment in a unit of ownership (each a "**Reference Fund Unit**" and together, the "**Reference Fund Units**") of one or more registered investment companies (each, a "**Reference Fund**" and together, the "**Reference Funds**"), from the Pricing Date to the relevant Valuation Date. The Reference Fund or Reference Funds for a particular offering of Notes will be specified in the applicable Pricing Supplement.

Pricing Date: The date specified in the applicable Pricing Supplement on which the Initial Value is determined by the Calculation Agent.

Valuation Date: For the purposes of calculating the amount of principal payment, any Coupon Payment or other amounts, as the case may be, you may receive for each Note, the Relevant Value of any Reference Fund may be determined by the Calculation Agent on one or more dates specified in the applicable Pricing Supplement. Those dates may be referred to as "Determination Date(s)," "Observation Date(s)," "Potential Early Redemption Date(s)," "Averaging Date(s)," "Valuation Date(s)," "Scheduled Trading Days," "Final Valuation Date," "Accelerated Final Valuation Date," "Accelerated Valuation Date," "Pricing Date," or other date(s) as specified in the applicable Pricing Supplement. For purposes of this Product Supplement, these dates shall herein be collectively referred to as the "**Valuation Dates**."

Maturity Date: The applicable Pricing Supplement will specify the Maturity Date.

Initial Value: Unless otherwise specified in the applicable Pricing Supplement, with respect to any Reference Fund, the Relevant Value of such Reference Fund on the Pricing Date. The applicable Pricing Supplement will specify the Initial Value.

Relevant Value: With respect to any Reference Fund on any Valuation Date for such Reference Fund, the Net Asset Value per one Reference Fund Unit of such Reference Fund on such Valuation Date.

Net Asset Value: With respect to any Reference Fund on any day on which the value of a Reference Fund must be obtained, the applicable Pricing Supplement will specify the method by which the Net Asset Value is calculated.

Final Value: Unless otherwise specified in the applicable Pricing Supplement, with respect to any Reference Fund, the Relevant Value of such Reference Fund on the last Valuation Date prior to the Redemption Date (the "**Final Valuation Date**").

Denominations: Unless otherwise specified in the applicable Pricing Supplement, the Notes will be issued in denominations of $1,000 (or the specified currency equivalent), and multiples of $1,000 (or the specified currency equivalent) thereafter.

Notional Amount: Unless otherwise specified in the applicable Pricing Supplement, $1,000 per Note.

Currency: Unless otherwise specified in the applicable Pricing Supplement, the Notes will be denominated in U.S. dollars.

Investor Eligibility: The applicable Pricing Supplement will specify the Investor Eligibility.

Minimum Investment Amount and Minimum Holding: The Notes will be subject to the minimum investment amount and minimum holding set forth in the applicable Pricing Supplement.

Rating: Unless otherwise specified in the applicable Pricing Supplement, the Notes are not, and will not be, rated by any nationally recognized statistical rating organization. The Notes are securities in the same series as and have equal rights and obligations as investment grade rated notes and certificates issued by us under the Program.

Ranking: The Notes will be our direct, general, unconditional, unsecured and unsubordinated obligation and will rank *pari passu* without any preference among themselves and *pari passu* with all of our other unconditional, unsecured and unsubordinated obligations, except those mandatorily preferred by law.

Guarantee: The payment or delivery of all amounts due and payable or deliverable under the Notes is irrevocably and unconditionally guaranteed pursuant to the Guarantee (as defined in the Offering Memorandum) by Société Générale, New York Branch ("**SGNY**" or the "**Guarantor**").

Program: We intend to issue from time to time certificates, warrants or notes specified in the Offering Memorandum, including the Notes described herein, having an aggregate notional amount of up to $5,000,000,000 (the "**Program**").

Other terms: As specified in the section "*Certain Definitions*" herein and, with respect to each offering of Notes, as specified in the applicable Pricing Supplement.

CAPITALIZED TERMS USED BUT NOT DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO THEM IN THE OFFERING MEMORANDUM.

The Notes involve risks not associated with an investment in ordinary debt securities. See "*Risk Factors*" beginning on page 2 of this Product Supplement, on page 7 of the Offering Memorandum and in the applicable Pricing Supplement.

THE NOTES AND THE SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, GUARANTEE (THE "GUARANTEE") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS.

SELLING RESTRICTIONS WILL BE AS SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") NOR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE NOTES OR THE GUARANTEE OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRODUCT SUPPLEMENT, EACH PRICING SUPPLEMENT AND THE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. UNDER NO CIRCUMSTANCES SHALL THIS PRODUCT SUPPLEMENT, THE APPLICABLE PRICING SUPPLEMENT AND THE OFFERING MEMORANDUM CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE NOTES OR THE GUARANTEE, IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

THE NOTES CONSTITUTE UNCONDITIONAL LIABILITIES OF THE ISSUER, AND THE GUARANTEE CONSTITUTES AN UNCONDITIONAL OBLIGATION OF THE GUARANTOR. THE NOTES AND THE GUARANTEE ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND OR ANY U.S. OR FRENCH GOVERNMENTAL OR DEPOSIT INSURANCE AGENCY.

The Issuer reserves the right to withdraw, cancel or modify the offer and to reject orders in whole or in part. The Notes are expected to be delivered through the facilities of The Depository Trust Company on or about the Issue Date.

SG Americas Securities, LLC ("**SGAS**"), one of the potential selling agents in this offering, is an affiliate of ours. See "*Supplemental Plan of Distribution—Conflicts of Interest*" herein.

The date of this Product Supplement is July 16, 2013.

SOCIETE GENERALE

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In making your investment decision, you should rely only on the information contained or incorporated by reference in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum. Copies of this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum are available from us, at no cost to you, and you should read each of these documents carefully prior to investing in the Notes. We have not authorized anyone to give you any additional or different information. The information in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum may only be accurate as of the dates of each of these documents, respectively.

The contents of this Product Supplement are not to be construed as legal, business or tax advice. The Notes described in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum are not appropriate for all investors, and involve important legal and tax consequences and investment risks, which should be discussed with your professional advisors. You should be aware that the regulations of the Financial Industry Regulatory Authority, Inc. (formerly known as the National Association of Securities Dealers, Inc.) and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the Notes.

We are offering to sell, and are seeking offers to buy, the Notes only in jurisdictions where such offers and sales are permitted. This Product Supplement, the applicable Pricing Supplement and the Offering Memorandum do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any circumstances in which such offer or solicitation is unlawful.

Neither the delivery of this Product Supplement nor any sale made hereunder implies that there has been no change in our or our affiliates' affairs or that the information in this Product Supplement is correct as of any date after the date hereof.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Product Supplement, the applicable Pricing Supplement and the related Offering Memorandum and the purchase, offer or sale of the Notes and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we, Société Générale, New York Branch, Société Générale, or any of our or their affiliates shall have any responsibility therefor.

In this Product Supplement, the applicable Pricing Supplement and the accompanying Offering Memorandum, "we," "us" and "our" refer to SG Structured Products, Inc., unless the context requires otherwise.

RISK FACTORS

The Notes are generally riskier than ordinary debt securities. This section of the Product Supplement describes some risks relating to the Notes. Additional risk factors are described in the applicable Pricing Supplement and the Offering Memorandum. You should carefully consider all of the information set forth herein, in the applicable Pricing Supplement and in the Offering Memorandum and whether the Notes are suited to your particular circumstances before you decide to purchase them.

You must rely on your own evaluation of the merits as well as the risks of an investment in the Notes

In connection with your purchase of the Notes, we urge you to consult your own financial, tax and legal advisors as to the risks involved in an investment in the Notes and to investigate the Reference Fund or the Reference Fund, as applicable, and not rely on our views in any respect. You should make a complete investigation as to the merits of an investment in the Notes.

Unless the full return of principal at Redemption or a minimum return on the Notes is specified, you may lose your entire investment amount

Unless the full return of principal at Redemption or a minimum return on the Notes is specified in the applicable Pricing Supplement, no assurance can be given, and none is intended to be given, that you will receive any portion of your initial investment in the Notes. Moreover, any payment to be made on your Notes depends on the Issuer's or the Guarantor's ability to satisfy their obligations as they become due. Accordingly, you may lose some or all of your initial investment.

The Notes are intended to be held to Redemption

You may receive less, and potentially significantly less, than the amount you originally invested if you sell your Notes in the secondary market (if any exists) prior to Redemption. You should be willing and able to hold your Notes until Redemption. Also see "*Risk Factors - There may be no secondary market for the Notes; potential illiquidity of the secondary market*" herein.

Issuer and Guarantor credit risk

The Notes are subject to our and the Guarantor's credit risk. Our ability to pay our obligations under the Notes, including the return of your initial investment, is dependent upon a number of factors, including our and the Guarantor's creditworthiness, financial condition and results of operations. No assurance can be given, and none is intended to be given, that you will receive any amount, including the return of your initial investment, at Redemption or any Coupon Payments.

The Notes are not registered securities and will not be listed on any securities exchange; transfer restrictions may apply

The Notes and the Guarantee are not registered under the Securities Act or under any state laws. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Product Supplement, the Offering Memorandum or the applicable Pricing Supplement. The Notes will not be listed on a registered securities exchange or any inter-dealer quotation system. To the extent applicable, transfers of the Notes and Guarantee are, and will be, subject to the transfer restrictions as set forth under "*Notice to Investors*" in the Offering Memorandum.

In addition, the applicable Pricing Supplement may specify other investor qualification(s) and transfer restrictions for a particular offering of Notes.

The Notes are not insured by any third parties

The Notes will be solely our and the Guarantor's obligations, and no other third party entity will have any obligation, contingent or otherwise, to make any payments or deliveries with respect to the Notes.

You will receive neither further benefits nor additional payments relating to the Notes if we call or redeem the Notes prior to their scheduled maturity (automatically or otherwise)

The terms of any particular issuance of Notes, as specified in the applicable Pricing Supplement, may permit or require Early Redemption by us (automatic or otherwise). If the Notes are redeemed or called by us prior to their scheduled maturity, you may be subject to reinvestment risk, whereby it is likely that you will not be able to invest in securities with similar risks, terms and yield as the Notes.

Moreover, in the event of an Early Redemption of the Notes, you will benefit from the features of the Notes only until the date of such Early Redemption, and you will receive no further benefits or payments under the Notes thereafter.

You have no beneficial interest in the Reference Fund(s); Payments on the Notes will not reflect dividends or distributions on the Reference Fund(s)

Investing in the Notes is not equivalent to investing in the Reference Fund(s), securities comprising the portfolio of the Reference Fund(s) or securities tracked by the Reference Fund(s). As an investor in the Notes, you will not have any ownership interest or rights in the Reference Fund(s), securities comprising the portfolio of the Reference Fund(s) or securities tracked by the Reference Fund(s).

Instead, Notes represent an investment whose value is based in part on the value of the Reference Fund(s). Thus, although the Net Asset Value of the Reference Fund(s) will be used to calculate your payment(s) under the Notes, your investment in the Notes will not be used to purchase interests in the Reference Fund(s) on your behalf.

Your return on the Notes will not reflect the return you would realize if you actually owned units of the Reference Fund(s), securities comprising the portfolio of the Reference Fund(s) or securities tracked by the Reference Fund(s) and received dividends or contributions, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the payment (if any) at Redemption may be less than the yield that would be produced if the units of the Reference Fund(s), securities comprising the portfolio of the Reference Fund(s) or securities tracked by the Reference Fund(s) were purchased directly and held for a similar period.

We will sell the Notes through our affiliate, SGAS; potential conflict of interest

The Notes will be sold through our affiliate, SGAS, by appointment of SGAS as the principal agent for the sale of the Notes. SGAS and the Issuer are under common control and SGAS is not an underwriter that is independent from the Issuer. A conflict of interest may exist or arise with respect to the offering and sale of the Notes by SGAS to investors because an independent underwriter is not participating in the pricing of the Notes to investors.

Additionally, we may pay SGAS an underwriting fee and, similarly, if SGAS distributes the Notes to or through other broker-dealers or banks, we, SGAS or one of our affiliates may pay such other broker-dealers or banks a fee in connection with their distribution of the Notes. SGAS has discretion to determine the amount of fees paid to such other broker-dealers or banks, and may change them from time to time. Because such fees may negatively impact your investment in the Notes, SGAS's interests with respect to the Notes may be adverse to yours.

For more information about distribution of the Notes and related commissions, see the section "*Supplemental Plan of Distribution*" in this Product Supplement.

Certain business activities may create conflicts with your interests

The Issuer and the Guarantor, or one or more of their affiliates, may engage in trading and other business activities relating to the Reference Fund(s) or their underlying assets or with the Reference Fund Adviser(s) that are not for your account or benefit or on your behalf. These activities may present a conflict between your interest in the Notes and the interests the Issuer and the Guarantor, or one or more of their affiliates, may have in those activities. Such activities may include, among other things, financial advisory relationships, structuring services, financing transactions, derivative transactions and the exercise of creditor rights, each of which may be contrary to the interests of the holders of the Notes. Any of these trading and/or business activities may affect the value of a Reference Fund(s) and thus could be adverse to your return on the Notes. The Issuer, the Guarantor and their affiliates may engage in any such activities without regard to the Notes or the effect that such activities may directly or indirectly have on Notes.

In addition, in connection with these activities, the Issuer, the Guarantor and/or their affiliates may receive information about the Reference Fund(s) (and their underlying assets) and the Reference Fund Adviser(s) that will not be disclosed to you. The Issuer, the Guarantor and their affiliates have no obligation to disclose such information about the Reference Fund(s) (or their underlying assets) or the Reference Fund Adviser(s).

We and the Guarantor or one or more of our or its affiliates, may also issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to one or more Reference Funds. By introducing competing products into the marketplace in this manner, we, the Guarantor and/or our or its affiliates could adversely affect the value of the Notes.

Hedging and trading activity could potentially adversely affect the value of the Notes

In the ordinary course of their business, the Issuer, the Guarantor or one or more of their affiliates may effect transactions for their own account or for the account of their customers and hold positions in the Reference Fund(s), underlying assets of the Reference Fund(s) and/or related derivatives. In addition, in connection with any offering of Notes and during the term of such Notes, each of the Issuer, the Guarantor or one or more of their affiliates in order to hedge its obligations under the Notes may enter into one or more hedging transaction with respect to the Reference Fund(s), underlying assets of the Reference Fund(s) and/or related derivatives.

In connection with any of such hedging activities or with respect to proprietary or other such trading activities, the Issuer, the Guarantor and/or their affiliates may enter into transactions in the Reference Fund(s), underlying assets of the Reference Fund(s) and/or related derivatives that may affect the market price, liquidity or value of the Reference Fund(s) or their underlying assets, and therefore the Notes. With respect of any such hedging activities, investors should be aware that, as a result of hedging decisions by any hedging counterparty, transfers into or out of any Reference Fund by such hedging counterparty may affect the value of the applicable Reference Fund Units and, in turn, the value of and the return on the Notes.

The Issuer, the Guarantor and/or any of their affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of one or more Reference Funds or their underlying assets. Any of the above situations may result in consequences that may be adverse to your investment in the Notes. The Issuer and the Guarantor assume no responsibility whatsoever for such consequences and their impact on your investment in the Notes.

Furthermore, the Issuer may issue additional securities that are fungible with the Notes, or other bonds, notes or instruments that, while not fungible with the Notes, may be linked to an index with a component that has the Reference Fund(s) as reference asset(s). If such securities are issued, the Issuer is likely to make additional investments in the Reference Fund(s) to hedge exposure incurred in connection with such issuances. Any such investment in the Reference Fund(s) could adversely affect the performance of the applicable Reference Fund Units, which could adversely affect the value of and the return on the Notes.

The Indenture (as defined herein) does not contain any restrictions on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any securities. Neither we nor the Guarantor nor any of our affiliates will pledge or otherwise hold any security for the benefit of holders of the Notes. Consequently, in the event of a bankruptcy, insolvency or liquidation involving us or the Guarantor, as the case may be, any securities we hold as a hedge to the Notes will be subject to the claims of our creditors generally and will not be available specifically for the benefit of the holders of the Notes.

If the Notes are accelerated due to our insolvency, are affected by a Calculation Disruption Event, Maturity Disruption Event, Extraordinary Event or Liquidity Disruption Event or are affected in any other events specified in the applicable Pricing Supplement, you may receive an amount substantially less than your initial investment in the Notes.

The amount you receive from us as payment (if any) on the Notes if the Notes are accelerated due to an Event of Default may be substantially diminished (and could be zero) if such an acceleration is due to our or the Guarantor's insolvency and we or the Guarantor are not able to make such payment under applicable bankruptcy laws. See *"Risk Factors—The Return to a Noteholder may be limited or delayed by the insolvency of Société Générale" and "Description of the Notes—Acceleration"* herein.

Moreover, if the Notes are affected by a Calculation Disruption Event, Maturity Disruption Event, Extraordinary Event or Liquidity Disruption Event, you could receive less, perhaps significantly, than your initial investment at Redemption. The applicable Pricing Supplement may also specify additional events that, if realized, may cause an Early Redemption of the Notes and may result in you receiving an amount less than your initial investment upon Redemption. For more information see "*Description of the Notes – Maturity Disruption Event,"* "*Description of the Note – Calculation Disruption Event," and* "*Description of the Notes –Effects of Certain Events"* in this Product Supplement. The occurrence of or likely occurrence of a Liquidity Event or an Extraordinary Event could terminate the exposure to the Reference Fund as specified herein.

There may be no secondary market for the Notes; Potential illiquidity of the secondary market

The Notes are most suitable for purchasing and holding until Redemption. The Notes will be new securities for which currently there is no trading market. We do not intend to apply for listing of the Notes. We cannot assure you as to whether there will be a secondary market for the Notes or, if there were to be such a secondary market, that it would be liquid.

In addition, the aggregate Notional Amount of the Notes being offered may not be purchased by investors in the initial offering, and one or more of our affiliates has agreed to purchase any unsold portion. Such affiliate or affiliates intend to hold the Notes, which may affect the supply of the Notes available in any secondary market trading and therefore may adversely affect the price of the Notes in any secondary market trading. If a substantial portion of any Notes held by our affiliates were to be offered for sale following this offering, the market price of such Notes could fall, especially if secondary market trading in such Notes is limited or illiquid.

Under ordinary market conditions, SGAS (or another broker-dealer affiliated with us) intends to maintain a secondary market in the Notes; however, neither SGAS nor any of its affiliates has any obligation to provide a secondary market in the Notes and may cease doing so at any time. Accordingly, we cannot assure you as to the development or liquidity of any secondary market for the Notes. If SGAS or any affiliate does not maintain a secondary market in the Notes, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to that of similar securities that have a liquid secondary market.

Transfer Restrictions

The Notes of any offering may be subject to certain transfer restrictions specified under "*Notice to Investors*" in the Offering Memorandum as well as certain transfer restrictions specified in the relevant Pricing Supplement. Such transfer restrictions on transfer may limit the liquidity of and therefore the value of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time and potentially until their Redemption. Any sale or transfer of Notes in violation of the transfer restrictions applicable to the Notes will be void and will not be recognized by the Issuer, except to the extent otherwise required by law.

Tax Treatment

For a discussion of the U.S. federal income tax consequences of your investment in a Note, please see the discussion under the heading "*Certain U.S. Federal Income Tax Considerations*" herein and any additional discussion in the applicable Pricing Supplement.

Risk relating to each Reference Fund

You should investigate the Reference Fund(s) as if investing directly

You should conduct your own diligence of the Reference Fund(s) as if you were directly investing in the Reference Fund(s). The offering of the Notes does not constitute a recommendation by the Issuer or any of its affiliates with respect to an investment linked to any Reference Fund (including in respect of any Reference Fund that is managed by managers affiliated with the Issuer). You should not conclude that the sale by the Issuer of the Notes is any form of investment recommendation by the Issuer or any of its affiliates to invest in the Reference Fund(s).

Volatility of the markets may adversely affect the value of the Reference Fund(s)

Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Reference Fund(s) increases or decreases, the market value of the Notes may be affected.

Reference Funds' performances may be highly volatile. Movements in the Net Asset Value of the Reference Fund(s) may vary from day to day, week to week or month to month, as applicable. Trades made by Reference Fund Advisers may be based upon their expectation of price movements and reach maturity several months following initiation of these trades. In the meantime, the market value of these positions may not increase, and may in fact decrease, and this will be reflected in the Net Asset Value per Reference Fund Unit of the relevant Reference Funds.

Investments made by the Reference Fund(s) can involve substantial risks. The nature of these investments means that the value of the applicable Reference Fund Unit may fluctuate significantly during a day or over longer periods. Consequently, the performance of each Reference Fund Unit over a given period will not necessarily be indicative of future performance of such Reference Fund Unit and the related Reference Fund.

Market volatility may produce significant losses on applicable Reference Fund Unit and therefore the related Reference Fund.

The use of leverage may increase the risk of loss in the value of the Reference Fund Units

Although leveraged registered investment companies are relatively rare and registered investment companies generally are subject to restricted leverage capital structures under the applicable laws, the Reference Fund(s) may have recourse to leverage, to the extent permitted by law, that involves further risks. Accordingly, a small downward movement in the value of a Reference Fund's assets may result in a larger loss of such Reference Fund.

Each Reference Fund Adviser's investments are not verified

Neither the Issuer, the Guarantor nor the Calculation Agent, nor the Issuer's affiliates is or will be responsible for verifying or ensuring that each Reference Fund Adviser (including an adviser that is affiliated with the Issuer) complies with its stated trading strategy.

The Reference Fund Adviser(s) (including an adviser that is affiliated with the Issuer) does not have any obligations to you as a holder of the Notes, or other role in connection with the Notes, including any obligation to take your needs into consideration for any reason. The Reference Fund Adviser(s) (including an adviser that is affiliated with the Issuer) is not responsible for, has not endorsed and has not participated in the offering, placement, sale, purchase or transfer of the Notes. The Reference Fund Adviser(s) (including an adviser that is affiliated with the Issuer) is not responsible for, and will not participate in, the determination or calculation of the amounts payable on the Notes.

The Reference Fund(s) may invest in assets that involve further risks and such risks may not be fully disclosed at the time of investment. The Reference Fund Adviser(s) may invest in and trade in a variety of financial instruments using sophisticated investment techniques for hedging and non-hedging purposes. Such financial instruments and investment techniques include but are not limited to the use of leverage (i.e., borrowing money for investment purposes), short sales of securities, transactions that use derivatives such as swaps, stock options, index options, futures contracts and options on futures, transactions that involve the lending of securities to certain financial institutions, the entry into repurchase and reverse repurchase agreements for securities and the investment in foreign securities and foreign currencies. While these investment strategies and financial instruments allow the Reference Fund Adviser(s) the flexibility to implement a range of strategies in an attempt to generate positive returns for the Reference Fund(s), they also create the risk of significant losses that may adversely affect the Reference Fund(s) and therefore the value of and the return on the Notes.

One or more Reference Funds may invest in securities listed or traded on foreign exchanges. The execution of transactions on foreign exchanges might involve particular risks including, but not limit to, higher volatility, government intervention, lack of transparency, lack of regulation, currency risk, political risk or economic social instability.

You are not protected from actions of the Reference Fund Adviser(s) of the Reference Fund(s)

Investment in the Notes is speculative and entails substantial risks. The principal, Coupon Payments or any other amounts payable on the Notes is based on changes in the value of the Reference Fund(s), which fluctuates and cannot be predicted. The performance of the Reference Fund(s) will depend to a considerable extent on the performance of the Reference Fund Adviser. Neither the Issuer, the Guarantor nor the Calculation Agent, nor the Issuer's affiliates are in a position to protect you against fraud and misrepresentation by any Reference Fund Adviser (including an adviser that is affiliated with us). You should understand that you could be materially adversely affected by any such acts. You do not have and are not entitled to any beneficial interests in the Reference Fund(s) and as such, have no recourse against the Reference Fund(s), or any Reference Fund Adviser either contractually or statutorily. Furthermore, as a practical matter, it may be difficult to bring an action, or to seek to enforce a judgment obtained in an action, against any of the aforementioned entities. In addition, the Reference Fund Adviser may be removed or replaced, the allocation of assets may vary from time to time and the various positions of the investments of the Reference Fund(s) may be economically offsetting, all of which may affect the performance of the Reference Fund(s).

The Reference Fund Adviser(s) may manage or advise other funds and/or accounts and may have financial and other incentives to favor such other funds and/or accounts over the Reference Fund(s). Also, the Reference Fund Adviser(s) may manage or advise for their own accounts and the accounts of their clients and may make recommendations or take positions similar or dissimilar to those of the Reference Fund(s) or which may compete with the Reference Fund(s).

Fees, deductions and charges of the Reference Fund(s) will reduce the payments on the Notes

Reference Fund(s) fees will be deducted from the Net Asset Value of the Reference Fund(s), reducing the value of the applicable Reference Fund Units. Accordingly, to the extent that one or more payments on the Notes are linked to the Net Asset Value of any Reference Fund, such payments to you will be less than it would have been absent these fees, deductions and charges. There may also be additional fees for any hedging costs incurred if so specified in the applicable Pricing Supplement. You should be aware that the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

Net Asset Value of the Reference Funds may adversely affect the value of your Notes

The Issuer believes that the market value of the Notes will likely depend substantially on the then current Net Asset Value of the Reference Fund(s). If you choose to sell your Notes prior to Redemption, you may receive substantially less than the amount that would be payable on the applicable Redemption Date because of, for example, possible market expectations that the Net Asset Value of the Reference Fund(s) will continue to fluctuate between such time and the time when the final Net Asset Value of the Reference Fund(s) is determined. Political, economic and other developments that affect the investments underlying the Reference Fund(s) may also affect the Net Asset Value of the Reference Fund(s) and, thus the value of and the return on the Notes.

The illiquidity of the Reference Fund(s) investments may cause the Reference Fund(s) to be reduced or delayed, which will adversely affect the value of and the return on your Notes

The payment (if any) at Redemption may be based on the redemption or liquidation proceeds of the Hypothetical Hedge Position relating to the Issuer's obligations per Note realized by the Hypothetical

Investor upon the redemption or sale of the Hypothetical Hedge Position on the relevant Valuation Date. To meet a redemption request, the Reference Fund(s) would likely sell its own assets but such investments may not be readily saleable on or shortly after the relevant Valuation Date for various reasons. As such, a hypothetical investor may not receive full redemption proceeds for many reasons, including, but not limited to:

- infrequent redemption opportunities allowed by such Reference Fund(s) (for example, a Reference Fund may only allow monthly or quarterly liquidity);
- gating, lock-ups, side pockets or discretionary redemption delays or suspensions imposed by such Reference Fund(s) (for example, a Reference Fund may have provisions whereby redemption requests are scaled back if the aggregate amount of such requests reach a predetermined limit); or
- such Reference Fund's own investments may be illiquid.

In these situations, (i) the Redemption Date for the Notes may be postponed by the Calculation Agent to soon after the date on which the Reference Fund(s) pays all the redemption proceeds in respect of valid and timely redemption order(s) given after the occurrence an event described above and/or (ii) the Redemption Amount will occur on the basis of the redemption proceeds paid by the Reference Fund(s) in respect of valid and timely redemption order(s) given after the occurrence of an event described above.

If the redemption proceeds have not been paid by the Reference Fund(s) by the Redemption Date, the amount payable at Redemption will be postponed after the Redemption Date up to a maximum period of two years. If at the expiry of this two-year period, the Reference Fund(s) has not paid in full the redemption proceeds, the postponed Redemption payment (if any) on the Notes shall be determined by the Calculation Agent on the basis of what has actually been paid by the Reference Fund(s). In this case, you may not receive your principal amount back.

In case of occurrence of any Extraordinary Events, such as but without limitation, the insolvency, nationalization or merger of such Reference Fund, a resignation or termination or replacement of the administrator, custodian, investment adviser or manager of such Reference Fund or a breach by such Reference Fund of its investment strategy, or Liquidation Disruption Event affecting a Reference Fund soon after the occurrence of such Extraordinary Event or Liquidation Disruption Event, the Calculation Agent may decide to terminate the exposure of the Notes to such Reference Fund and pay you an amount at Redemption on the basis of the redemption proceeds paid by such Reference Fund in the liquidation of the exposure to such Reference Fund. If such Reference Fund is also subject to liquidity problems as described above, the postponement of the payment (if any) at Redemption up to a two year period may also apply.

It is likely that such delay would have an adverse impact on the amount payable to you under the Notes.

Legal, tax and regulatory changes may adversely impact the Reference Fund(s)

Legal, tax and regulatory changes could occur during the term of the Notes that may adversely affect the Reference Fund(s). The securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental and judicial action. The effect of any future regulatory change on the Reference Fund(s) could be substantial and adverse and consequently could adversely affect the value of the Notes.

Additional risks relating to Notes with more than one Reference Fund or a basket involving one or more Reference Funds

The values of the Reference Funds (or components in the basket) may not move in tandem; Return on the Notes may not reflect the full performance of the Reference Funds (or components in the basket)

Value movements in the Reference Funds (or components in the basket) may not move in tandem with each other and, therefore, your return on the Notes may not reflect the full performance of the Reference Funds (or components in the basket) during the term of the Notes. Unless otherwise specified in the applicable Pricing Supplement, the positive performance of any Reference Fund (or any components in the basket) will be offset, or moderated, by negative or less positive performances of the other Reference Funds (or other components in the basket). As a result, the payment (if any) at Redemption and the value of the Notes may be adversely affected even if the prices or values of some of the Reference Funds (or components in the basket) increase during the term of the Notes.

Furthermore, to the extent the weighting applicable to any Reference Fund (or any component in the basket) is greater than the weightings applicable to other Reference Funds (or other components) in the basket, poor performance for that Reference Fund (or that component in the basket) will have a disproportionately large negative impact on the payment due on the Notes.

The correlation among the Reference Funds (or components in the basket) may adversely affect the return (if any) on the Notes

Correlation can describe the relationship among the performance changes of the Reference Funds (or components in the basket). High correlation during a period of negative returns or a change in correlation among the Reference Funds (or components in the basket) could have an adverse impact on the value of and the return (if any) on the Notes.

DESCRIPTION OF THE NOTES

The following description of the terms of the Notes supplements the description of the general terms of the Notes set forth under the heading "Description of the Notes" in the Offering Memorandum. For the purposes of this "Description of the Notes," the term "Note" refers to the Notional Amount per Note specified on the cover page hereof and in the applicable Pricing Supplement. The applicable Pricing Supplement describes the terms that apply specifically to the Notes offered, including any changes to the terms specified herein.

A. Description of the Notes

1. General

The Notes are one of a duly authorized series of Notes of the Issuer issued under an Indenture (the "**Indenture**"), dated as of June 21, 2006, among the Issuer, the Guarantor and the Bank of New York, as Trustee (the "**Trustee**," which term includes any successor trustee under the Indenture). The Indenture sets forth the respective rights, limitations of rights, duties and immunities of the Issuer, the Guarantor, the Trustee and Holders (as defined herein in the section "*Certain Definitions – Holder*") of each series of Notes and the terms upon which each series of Notes are, and are to be, authenticated and delivered. To the extent not inconsistent herewith, the terms of the Indenture are hereby incorporated by reference herein. All terms used in the Note, which are defined in the Indenture and not otherwise defined herein, will have the meanings assigned to them in the Indenture.

Unless otherwise specified in the applicable Pricing Supplement, each applicable Reference Fund Unit used to determine the payment at Redemption, or any Coupon Payments or any other amounts payable on the Notes, will be at the time the Notes are issued the unit of a Reference Fund that is registered under the Investment Company Act of 1940 (as amended).

No provision of the Note or of the Indenture will alter or impair the obligation of the Issuer to pay or deliver all amounts under the Note when and as they become due and payable or deliverable at Redemption as prescribed in this Product Supplement and in the applicable Pricing Supplement, unless otherwise agreed between the Issuer and the Holder of the Note. Subject to the section "*Description of the Notes – General Terms of the Notes*" in the Offering Memorandum, the Notes specified herein will be the Issuer's direct, general, unconditional, unsecured and unsubordinated obligation, will rank *pari passu* without any preference among themselves and will rank *pari passu* among, and be of the same series with, all of the Issuer's other unconditional, unsecured and unsubordinated obligations issued under the Program.

The Guarantee is a direct, general, unconditional, unsecured and unsubordinated obligation of the Guarantor and ranks *pari passu* with all other unconditional, unsecured and unsubordinated obligations of the Guarantor, except those mandatorily preferred by law.

The offering of the Notes is being made by SG Americas Securities, LLC ("**SGAS**") pursuant to FINRA Rule 5121.

No sinking fund is provided for the Notes.

Unless otherwise specified in the applicable Pricing Supplement, a Note may not be redeemed by a Holder prior to Redemption.

2. Final Payment

As a final payment on the applicable Redemption Date, the Holder of a Note will receive the amount due and payable or deliverable to it as specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the amounts payable or deliverable as a final payment (if any) under the Notes have been specified for the Notional Amount per Note.

3. Coupon Payments

If the Notes include Coupon Payment(s), the applicable Pricing Supplement will specify the calculation used to determine each Coupon Payment. Unless otherwise specified in the applicable Pricing

Supplement, any amount payable in the form of a Coupon Payment under the Notes is specified for the Notional Amount per Note.

All calculations with respect to a Coupon Payment on any Coupon Payment Date to a Holder will be rounded to the nearest hundredth, with five one thousandth rounded upward (*e.g.*, 0.465 would be rounded up to 0.47), and all Coupon Payments on the Notional Amount of a Note will be rounded to the nearest cent, with one-half cent rounded upward.

4. Payment at Redemption and Notice Prior to Payment

The final payment (if any) of the amount due to a Holder of a Note at Redemption will be made to the Holder in whose name the Note is registered in the security register of the Issuer on the applicable Redemption Date in immediately available funds.

The Issuer will, or will cause the Calculation Agent to, provide a written notice to the Trustee and to the Depositary (as defined in the Indenture), no later than at 10:30 a.m. (New York time) on the day immediately prior to the applicable Redemption Date (but if such day is not a Business Day, prior to the close of business on the Business Day preceding the applicable Redemption Date), of the amount of cash to be delivered with respect to the stated Notional Amount of each Note, and deliver such cash to the Trustee for delivery to the Holders on the applicable Redemption Date.

All calculations with respect to the payment or delivery, if any, on the applicable Redemption Date to a Holder will be rounded to the nearest hundredth, with five one thousandth rounded upward (*e.g.*, 0.465 would be rounded up to 0.47), and all amounts paid or delivered on the Notional Amount of a Note will be rounded to the nearest cent, with one-half cent rounded upward.

5. Calculation Agent

Société Générale will act as the Calculation Agent pursuant to the Calculation Agent and Funding Agreement dated August 22, 2006. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the Holder and the Issuer. Société Générale is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment. The Issuer may appoint a different Calculation Agent from time to time after the Issue Date of the Note of any issuance without the Holder's consent and without notifying the Holder.

6. Events of Default

Under the Indenture, an Event of Default, wherever used herein with respect to the Notes, means any one of the events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) as specified in the section "*Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults*" in the Offering Memorandum.

7. Acceleration

If an Event of Default with respect to the Notes shall have occurred and be continuing (other than an Event of Default specified in clauses (iv) or (v) in the section "*Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults*" in the Offering Memorandum), the Notes may be accelerated by Holders of a majority of the outstanding Notional Amount of the Notes to the Accelerated Maturity Date.

If an Event of Default with respect to the Notes shall have occurred as specified in clauses (iv) or (v) in the section "*Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults*" in the Offering Memorandum, then all payments or deliveries on the Notes will automatically accelerate to the Accelerated Maturity Date.

In the event of an acceleration, the amount payable or deliverable on the Accelerated Maturity Date will be as provided in *Section 2 (Final Payment);* provided that in the event of an acceleration as a result of an Event of Default as specified in clause (ii) in the section "*Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults*" in the Offering Memorandum, the amount payable or deliverable, if any, shall be the amount originally due on the Maturity Date or the Accelerated Maturity Date, as the case may be.

In determining the amount, if any, payable or deliverable on the Accelerated Maturity Date, the accelerated Final Value (subject to adjustment as a result of a Market Disruption Event as described in *Section 9 (Maturity Disruption Event)*), will be determined on the Accelerated Final Valuation Date, and the Accelerated Maturity Date will be the fifth Business Day following the Accelerated Final Valuation Date.

8. Notice of Acceleration

In the event of acceleration, the Issuer will provide a notice of such acceleration to the Trustee as promptly as possible and in no event later than two Business Days after the date of such acceleration.

9. Maturity Disruption Event

Upon the occurrence or likely occurrence, as determined by the Calculation Agent in its sole discretion, of a Maturity Disruption Event (as defined in the section "Certain Definitions" herein), the Maturity Date of the Notes shall be postponed to the Adjusted Maturity Date and the Issuer shall no longer be liable for the payment at maturity on the originally scheduled Maturity Date, but instead will, in full and final satisfaction of its obligations, pay (i) on the Maturity Date an amount per Note equal to the Minimum Redemption Amount, if any, and (ii) on the Adjusted Maturity Date an amount per Note, as determined by the Calculation Agent, equal to the positive difference between (A)(i) the net positive cash amount that a Hypothetical Investor would be left with on the Full Liquidation Date, as a result of liquidating (pursuant to a Valid Order) the Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to such Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period, if any (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between (x) the Full Liquidation Date (included) and (y) the fourth Business Day preceding the Adjusted Maturity Date (excluded) and (B) an amount equal to the Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Hypothetical Hedge Positions and the Calculation Amount referred to above can be as low as zero.

If the Full Liquidation Date has not occurred, at the latest on the fourth Business Day preceding the Postponed Scheduled Maturity Date, as determined by the Calculation Agent, the amount paid by the Issuer on the Postponed Scheduled Maturity Date pursuant to the paragraph immediately above, shall be determined by the Calculation Agent on the basis of the net positive cash amount that a Hypothetical Investor would be left with on such fourth Business Day preceding the Postponed Scheduled Maturity Date as a result of liquidating (pursuant to the provisions above) the Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to such Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the fourth Business Day preceding the Postponed Scheduled Maturity Date, is a "**Calculation Amount**" for the purposes of this provision). For the avoidance of doubt, the liquidation proceeds of any assets held by the Hypothetical Investor under its Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by the Hypothetical Investor under its Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

10. Note Provisions to Control

If the terms described in this Product Supplement are different or inconsistent with those described in the Offering Memorandum, the terms described in this Product Supplement will govern the Notes. If the terms described in the applicable Pricing Supplement are different or inconsistent with those described herein or in the Offering Memorandum, the terms described in the applicable Pricing Supplement will govern the Notes.

11. Defined Terms

All terms used in a Note, which are defined in the Indenture and not otherwise defined herein, have the meanings assigned to them in the Indenture.

B. Effects of Certain Events

1. *Effect of an Extraordinary Event*

If an Extraordinary Event (as defined in the section "Certain Definitions" herein) involving a Reference Fund occurs on or after the Issue Date then the Calculation Agent may determine that the Issuer will apply (i) with respect to any Coupon Payments, (x) Extraordinary Event Monetization to the Maturity Date; (y) Extraordinary Event Postponement to the Adjusted Coupon Payment Date; or (z) Substitution; and (ii) with respect to the Payment At Maturity, (x) Extraordinary Event Monetization to the Maturity Date; or (y) Substitution.

2. *Effect of Liquidity Disruption Event*

Upon the occurrence, or likely occurrence of a Liquidity Disruption Event (as defined in the section "Certain Definitions" herein) with respect to a Reference Fund on a Valuation Date, the Calculation Agent may determine that the Issuer will apply (i) with respect to a Liquidity Disruption Event affecting a Coupon Payment Date(x) Liquidity Disruption Event Monetization to the Maturity Date; (y) Liquidity Disruption Event Postponement to the Adjusted Coupon Payment Date; or (z) Substitution; or (ii) with respect to a Liquidity Disruption Event affecting the Maturity Date, (x) Liquidity Disruption Event Monetization to the Maturity Date; or (y) Substitution.

3. *Holder's Consent for Substitution*

Upon the occurrence or likely occurrence of an Extraordinary Event or a Liquidity Disruption Event with respect to a Reference Fund, the Calculation Agent may determine that the Issuer shall apply Substitution with respect to a Coupon Payment Date or the Maturity Date, as applicable; provided, however, that each Holder consents to such Substitution.

If any Holder fails to provide its consent to such Substitution, the Calculation Agent may determine that the Issuer will apply other consequences available in the event of the occurrence or likely occurrence of an Extraordinary Event or a Liquidity Disruption Event, as applicable.

C. Events Requiring Adjustments

In the case of the occurrence at any time on or after the Issue Date of any event affecting a Reference Fund or the value of the relevant Reference Fund Units including, without limitation:

- a subdivision, consolidation or reclassification of the relevant number of Reference Fund Units, or a free distribution or dividend of any such Reference Fund Units to existing holders by way of bonus, capitalization or similar issue;

- a distribution, issue or dividend to existing holders of the relevant Reference Fund Units of (A) an additional quantity of such Reference Fund Unit, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Reference Fund Units, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- an extraordinary dividend;

- Redemption fees or any other costs or fees imposed by the Reference Fund, the Relevant Fund Adviser or Relevant Fund Service Provider;

- a repurchase by the Reference Fund of relevant Reference Fund Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Reference Fund Units initiated by an investor in such Reference Fund Units that is consistent with the Reference Fund Documents; or

- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Fund Units or quantity of Reference Fund Units.

The Calculation Agent may adjust any relevant terms of the Notes as deemed appropriate by the Calculation Agent in its sole discretion to preserve the economic equivalent of the obligations of the Issuer under the Notes.

D. Events Affecting Early Redemption

If the applicable Pricing Supplement specifies Early Redemption at the option of the Holder and upon the occurrence or likely occurrence of an Extraordinary Event or a Liquidity Disruption Event, with respect to the Holder's option of Early Redemption or the exercise by the Holder of its right of Early Redemption relating to an Optional Redemption Date prior to or on the date of the occurrence or likely occurrence of an Extraordinary Event or a Liquidity Disruption Event, the Calculation Agent may determine whether the Issuer shall apply:

(a) Monetization to the Maturity Date, and the Issuer shall no longer be liable for the payment, on the Optional Redemption Date, of the Optional Redemption Amount, but instead will, in full and final satisfaction of its obligations, pay (i) on the Optional Redemption Date an amount per Note equal to the Optional Minimum Redemption Amount, if any, and (ii) on the Maturity Date an amount per Note, determined by the Calculation Agent, equal to the positive difference, if any, between (A) (i) the net positive cash amount that a Hypothetical Investor would be left with on the Optional Full Liquidation Date, as a result of liquidating (either pursuant to a Valid Order submitted within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event or pursuant to a Valid Order submitted within 40 Business Days following in respect of the Affected Valuation Date relating to the Optional Redemption Date in case of a Liquidity Disruption Event), the whole Optional Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Optional Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Optional Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Optional Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between (x) the Optional Full Liquidation Date (included) and (y) the fourth Business Day preceding the Maturity Date (excluded) and (B) an amount equal to the Optional Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Optional Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Optional Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero; or

(b) Postponement to the Adjusted Optional Redemption Date and the Issuer shall no longer be liable for the payment, on the Optional Redemption Date, of the Optional Redemption Amount, but instead will, in full and final satisfaction of its obligations, pay (i) on the Optional Redemption Date an amount per Note equal to the Minimum Optional Redemption Amount, if any, and (ii) on the Adjusted Optional Redemption Date an amount per Note, determined by the Calculation Agent, equal to the positive difference between (A) (i) the net positive cash amount that a Hypothetical Investor would be left with on the Optional Full Liquidation Date, as a result of liquidating (either pursuant to a Valid Order submitted within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event or pursuant to a Valid Order submitted within 40 Business Days following the Optional Redemption Date in case of a Liquidity Disruption Event) the Optional Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Optional Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Optional Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Optional Full Liquidation Date is a "**Calculation Amount**" for the purposes of this provision) and (B) an amount equal to the Optional

Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Optional Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Optional Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

If the applicable Pricing Supplement specifies Early Redemption at the option of the Issuer, and upon the occurrence or likely occurrence of an Extraordinary Event or a Liquidity Disruption Event, with respect to the Issuer's option of Early Redemption or the exercise by the Issuer of its right of Early Redemption relating to an Optional Redemption Date on or before the date of such occurrence, the Calculation Agent may determine whether the Issuer shall apply:

(a) Monetization to the Maturity Date, and the Issuer shall no longer be liable for the payment, on the Optional Redemption Date, of the Optional Redemption Amount, but instead will, in full and final satisfaction of its obligations, pay (i) on the Optional Redemption Date an amount per Note equal to the Optional Minimum Redemption Amount, if any, and (ii) on the Maturity Date an amount per Note, determined by the Calculation Agent, equal to the positive difference, if any, between (A) (i) the net positive cash amount that a Hypothetical Investor would be left with on the Optional Full Liquidation Date, as a result of liquidating (either pursuant to a Valid Order submitted within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event or pursuant to a Valid Order submitted within 40 Business Days following in respect of the Affected Valuation Date relating to the Optional Redemption Date in case of a Liquidity Disruption Event), the whole Optional Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Optional Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Optional Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Optional Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between (x) the Optional Full Liquidation Date (included) and (y) the fourth Business Day preceding the Maturity Date (excluded) and (B) an amount equal to the Optional Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Optional Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Optional Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero; or

(b) Postponement to the Adjusted Optional Redemption Date and the Issuer shall no longer be liable for the payment, on the Optional Redemption Date, of the Optional Redemption Amount, but instead will, in full and final satisfaction of its obligations, pay (i) on the Optional Redemption Date an amount per Note equal to the Minimum Optional Redemption Amount, if any, and (ii) on the Adjusted Optional Redemption Date an amount per Note, determined by the Calculation Agent, equal to the positive difference between (A) (i) the net positive cash amount that a Hypothetical Investor would be left with on the Optional Full Liquidation Date, as a result of liquidating (either pursuant to a Valid Order submitted within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event or pursuant to a Valid Order submitted within 40 Business Days following the Optional Redemption Date in case of a Liquidity Disruption Event) the Optional Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Optional Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Optional Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Optional Full Liquidation Date is a "**Calculation Amount**" for the purposes of this provision) and (B) an amount equal to the Optional Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Optional Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Optional Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

CERTAIN DEFINITIONS

"**Accelerated Maturity Date**" means the fifth Business Day that follows the Accelerated Final Valuation Date.

"**Accelerated Final Valuation Date**" means (subject to postponement pursuant to *Section 9* (*Market Disruption Event*)):

i. in the case of an Event of Default as specified in clauses (i) or (iii) in the section *"Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults"* in the Offering Memorandum, the Business Day preceding the date on which such Event of Default is declared;

ii. in the case of an Event of Default as specified in clause (ii) in the section *"Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults"* in the Offering Memorandum, the Final Valuation Date; or

iii. in the case of an Event of Default described in clauses (iv) and (v) in the section *"Description of the Notes—Events of Default and Remedies; Waiver of Past Defaults"* in the Offering Memorandum, the date that is four Business Days prior to the date on which such Event of Default occurs.

"Adjusted Coupon Payment Date" means the date which is the earlier of (x) the 20th Business Day following the occurrence of the Intermediate Full Liquidation Date and (y) the Maturity Date.

"**Adjusted Option Redemption Date**" means the date which is the earlier of (x) the 20th Business Day following the occurrence of the Intermediate Option Full Liquidation Date and (y) the Maturity Date.

"**Adjusted Maturity Date**" means the date which is the earlier of (x) the 20th Business Day following the occurrence of the Full Liquidation Date and (y) the Postponed Scheduled Maturity Date.

"**Affected Valuation Date**" means a Valuation Date on which a Liquidity Disruption Event is occurring or is likely to occur, as determined by the Calculation Agent.

"**Associated Costs**" means an amount determined by the Calculation Agent in its sole discretion equal to the sum of (without duplication) all costs including, without limitation, cost of funding, losses, expenses, tax and duties incurred by a Hypothetical Investor in connection with the termination, liquidation or re-establishment of the Hypothetical Hedge Positions, such amount to be apportioned pro rata amongst the Notional Amount of each outstanding Note.

"**Business Day**" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in Paris or New York City are authorized or required by law, regulation or executive order to close.

"**Calculation Disruption Event**" means, with respect to any Reference Fund, the occurrence of an event on a Valuation Date (including in case of any gating, deferral, suspension or other provisions of the Reference Fund Documents permitting the Reference Fund to delay or refuse subscription and/or redemption orders) lasting longer than three consecutive Business Days following such Valuation Date, which precludes the calculation and/or publication of the official Net Asset Value per Reference Fund Unit by such Reference Fund (or the relevant Reference Fund Service Provider generally in charge of calculating such official Net Asset Value), and consequently the Net Asset Value of the Reference Fund in relation to such Valuation Date.

"**Compounding Method**" means, when interest is specified herein as accruing pursuant to the Compounding Method, that the amount of interest shall be equal to the sum of the Compounding Period Amounts for each Compounding Period in the related Calculation Period.

Where:

"**Adjusted Calculation Amount**" means (i) in respect of the first Compounding Period of a Calculation Period, the Calculation Amount for that Calculation Period and (ii) in respect of any succeeding Compounding Period in that Calculation Period, an amount equal to the sum of the

Calculation Amount for that Calculation Period and the Compounding Period Amounts for each of the previous Compounding Periods in that Calculation Period.

"**Compounding Date**" means, in respect of a Compounding Period, each Business Day of such Compounding Period.

"**Compounding Period**" means, in respect of a Calculation Period, each period from and including a Compounding Date to but excluding the immediately following Compounding Date during that Calculation Period.

"**Compounding Period Amount**" means, in respect of a Compounding Period, the product of (i) the Adjusted Calculation Amount, (ii) the Compounding Rate and (iii) the Day Count Fraction.

"**Compounding Rate**" means, in respect of a Compounding Period Amount, the interbank overnight rate in the Specified Currency as determined by the Calculation Agent on the first day of the relevant Compounding Period; the specific Compounding Rate used in respect of a Specified Currency shall be available at the office of the Calculation Agent from the first day of a Calculation Period.

"**Day Count Fraction**" means, for the purposes of Compounding Method above, the actual number of days in a Compounding Period (the first included and the last excluded), divided by 360.

"**Coupon Payment Dates**" means, if the Notes include Coupon Payment(s), the Coupon Payment Dates as specified in the relevant Pricing Supplement.

"**Extraordinary Event**" means, with respect to a Reference Fund, the occurrence of any of the following:

(a) Change in Law;
(b) Closure of the Reference Fund;
(c) Reference Fund Adviser Event;
(d) Reference Fund Hedging Disruption;
(e) Reference Fund Insolvency Event;
(f) Reference Fund Modification;
(g) Reference Fund Service Provider Event;
(h) Holding Ratio Extraordinary Event;
(i) Increased Cost of Hedging;
(j) Insolvency;
(k) Liquidity Modification;
(l) Merger Event;
(m) Nationalization;
(n) Regulatory Action;
(o) Reporting Disruption; or
(p) Strategy Breach.

Where:

"**Change in Law**" means that (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal for a Hypothetical Investor to hold, acquire or dispose of the Hypothetical Hedge Positions (including the relevant Reference Fund Units) or it has become illegal to maintain the agreement entered into by the Issuer and/or one of its affiliates with the Reference Fund or a Reference Fund Service Provider, or (B) the Issuer and/or one of its affiliates will incur a materially increased cost in performing its obligations under such Notes or the agreement entered into by the Issuer and/or one of its affiliates with the Reference Fund or the Reference Fund Service Provider (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Closure of the Reference Fund**" means liquidation, winding up or dissolution of the Reference Fund for any reason other than a Reference Fund Hedging Disruption or Increased Cost of Hedging.

“**Reference Fund Adviser Event**” means that the Calculation Agent determines that over a period of twelve months, the total value of the assets managed by the Reference Fund Adviser (including the Reference Fund) has decreased by fifty percent (50%) (either due to redemptions or decrease in value of such assets).

“**Reference Fund Hedging Disruption**” means that (i) any event specified in the applicable Pricing Supplement or (ii) a Hypothetical Investor is unable or it is impractical for a Hypothetical Investor, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hypothetical Hedge Positions, (b) realize, recover or remit the proceeds of any such Hypothetical Hedge Positions, without limitation, where such inability or impracticability has arisen by reason of (A) the restriction on the amount or number of redemptions or subscriptions that the Reference Fund (or the Reference Fund Service Provider generally in charge of accepting the redemption or subscriptions orders) will accept in relation to a single date on which the Reference Fund normally accepts redemption orders (a gate), (B) the suspension for any reason of the subscription or redemption orders by the Reference Fund (or the Reference Fund Service Provider generally in charge of accepting the subscription and redemption orders), or (C) the postponement of the payment of the balance of redemption proceeds to a date occurring after the financial statements of the Reference Fund have been reviewed by the Reference Fund’s statutory auditors (holdback), or increase in charges or fees imposed by the relevant Reference Fund or (D) any mandatory redemption, in whole or in part, of the relevant Reference Fund Units imposed by the relevant Reference Fund, in each case whether these events are imposed by the Reference Fund without being envisaged in the Reference Fund Documents on the Issue Date of the Notes or are already envisaged by the Reference Fund Documents on the Issue Date of the Notes and are solely implemented by the Reference Fund after such date.

“**Reference Fund Insolvency Event**” means that the Reference Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) 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; (v) 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 of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) 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 (v) through (vi) above.

“**Reference Fund Modification**” means any change or modification of the related Reference Fund Documents prevailing on the Issue Date of the Notes, that could reasonably be expected to materially affect the value of the Reference Fund and the applicable Reference Fund Unit or the rights or remedies of any holders thereof (including but not limited to an open-end fund that becomes a closed-end fund), as determined by the Calculation Agent.

“**Reference Fund Service Provider Event**” means (i) a change, resignation, termination or replacement of any Reference Fund Service Provider unless an affiliate of the Reference Fund Service Provider is appointed as a replacement service provider or a qualified replacement or successor adviser or service provider reasonably acceptable to the Calculation Agent is appointed, (ii) a change of control or indirect control of any Reference Fund Service Provider unless an affiliate of the Reference Fund Service Provider is appointed as a replacement service provider or a qualified replacement or successor adviser or service provider reasonably acceptable to the Calculation Agent is appointed, (iii) the Reference Fund

Service Provider is subject to a Reference Fund Service Provider Insolvency Event, where "Reference Fund Service Provider Insolvency Event" has the same meaning as Fund Insolvency Event described above, except that Reference Fund is replaced by Reference Fund Service Provider, or (iv) in the reasonable opinion of the Calculation Agent, any of the Reference Fund Service Providers is no longer deemed able to carry out its business with the standard of care which was prevailing on the Issue Date.

"**Holding Ratio Extraordinary Event**" means the reduction of the Reference Fund's aggregate Net Asset Value under an amount that, in the reasonable opinion of the Calculation Agent, has, or is likely to have, a significant effect on the management conditions of the Reference Fund and/or its operating expenses or would increase the proportion of the Reference Fund Units held, or likely to be held, by a Hypothetical Investor, or any funds managed by the Issuer and/or one of its affiliates, to such extent that the full redemption in one single Valid Order of the Reference Fund Units held by a Hypothetical Investor or funds managed by the same, is likely to be impaired.

"**Increased Cost of Hedging**" means that a Hypothetical Investor would incur a materially increased (as compared with circumstances existing on the Issue Date of the Notes) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hypothetical Hedge Positions or (ii) realize, recover or remit the proceeds of any such Hypothetical Hedge Positions.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Reference Fund Units of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Reference Fund Units of that Reference Fund become legally prohibited from transferring or redeeming them.

"**Liquidity Modification**" means that the Reference Fund modifies the terms and conditions at which subscription and/or redemption orders can be submitted or are settled by the Reference Fund as provided in the Reference Fund Documents as of the Issue Date of the Notes or implements a modification of the conditions at which subscription and/or redemption orders can be submitted or are settled by the Reference Fund regardless as to whether the principle of such modification was already envisaged in the Reference Fund Documents as of the Issue Date of the Notes.

"**Merger Event**" means the conversion of the applicable Reference Fund Units into another class of fund units or securities, or the split of the Reference Fund, its consolidation or its merger with, or its sale or its conveyance of all or substantially all its assets to, a third party; except for any transfer or sale of all or substantial portion of any Reference Fund's assets to any of its affiliates or a third party managed by the same reference fund adviser.

"**Nationalization**" means that all the applicable Reference Fund Units or all or substantially all the assets of a Reference Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Regulatory Action**" means, with respect to any Reference Fund, (i) cancellation, suspension or revocation of the registration or approval of the applicable Reference Fund Units or such Reference Fund by any governmental, legal or regulatory entity with authority over such Reference Fund Units or Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of such Reference Fund or its Reference Fund Service Provider that is reasonably likely to have an adverse impact on the value of the relevant Reference Fund Units or on any investor therein (as determined by the Calculation Agent), or (iii) such Reference Fund or any of its Reference Fund Service Provider becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund or Reference Fund Service Provider.

"**Reporting Disruption**" means any failure of the Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to a Hypothetical Investor with such failure continuing for three consecutive Business Days or (B) information that has been previously delivered to a Hypothetical Investor in accordance with such Reference Fund's, or its authorized representative's, normal practice and that the Calculation Agent deems necessary to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to applicable Reference Fund Units with such failure continuing for three consecutive Business Days.

"**Strategy Breach**" means (i) any breach or violation for three consecutive Business Days of any strategy or investment guidelines stated in the related Reference Fund Documents that is reasonably likely to materially affect the value of the applicable Reference Fund Units or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent or (ii) any material modification, as determined by the Calculation Agent to be inconsistent with the Reference Fund's investment criteria, policies and guidelines, of the risk profile of the Reference Fund from its risk profile prevailing on the Issue Date of the Notes by reason of, but not limited to, the modification of the proportions, or reduction of diversification, of the type of assets in which the Reference Fund invests or a reduction of the average liquidity of the assets of the Reference Fund.

"**Extraordinary Event Monetization to the Maturity Date**" means:

(a) with respect to the Coupon Payment on each of the remaining Coupon Payment Dates following the occurrence of the Extraordinary Event, the Issuer will no longer be liable for any such Coupon Payments but instead will, in full and final satisfaction of its obligations, pay on the Maturity Date an amount per Note, determined by the Calculation Agent, based on (i) the net positive cash amount that a Hypothetical Investor would be left with on the Intermediate Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order sent within 40 Business Days following the date of the occurrence or likely occurrence of the Extraordinary Event, the Intermediate Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to such Intermediate Hypothetical Hedge positions, if any, with the liquidation proceeds of the assets of the Intermediate Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Intermediate Full Liquidation Date, is a Calculation Amount for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding method, during the period (which for the purposes of this provision and of the Compounding Method shall be a Calculation Period) between (x) the Intermediate Full Liquidation Date (included) and (y) the fourth Business Day preceding the Maturity Date (excluded); for the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Intermediate Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Intermediate Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero; and

(b) with respect to the Redemption Amount, the Issuer shall no longer be liable for the payment, on the Maturity Date, of the Redemption Amount as defined in the applicable Pricing Supplement, but instead will, in full and final satisfaction of its obligations pay on the Maturity Date an amount per Note, determined by the Calculation Agent, equal to the sum of (a) the Minimum Redemption Amount, if any, and (b) an amount, equal to the positive difference, if any, between (A) (i) the net positive cash amount that a Hypothetical Investor would be left with on the Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order sent within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event, the Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between *(x)* the Full Liquidation Date (included) and *(y)* the fourth Business Day preceding the Maturity Date (excluded) and (B) an amount equal to the Minimum Redemption Amount, if any. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

"**Extraordinary Event Postponement to the Adjusted Coupon Payment Date**" means, with respect to a Coupon Payment Date following the occurrence of an Extraordinary Event, the Issuer shall no longer be liable for the Coupon Payment on such Coupon Payment Date, but instead will, in full and final satisfaction of its obligations, pay on the Adjusted Coupon Payment Date an amount per Note, determined by the Calculation Agent, based on (i) the net positive cash amount that a Hypothetical Investor would be left with on the Intermediate Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order sent within 40 Business Days following the date of occurrence or likely occurrence of the Extraordinary Event, the Intermediate Hypothetical Hedge Position (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Intermediate Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Intermediate hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Intermediate Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision). For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Intermediate Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Intermediate Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

"**Final Valuation Date**" means, with respect to any Reference Fund, the last Valuation Date (subject to postponement pursuant the section "*Description of the Notes - Maturity Disruption Event*" *herein*) on which the Final Value of such Reference Fund is determined by the Calculation Agent.

"**Final Value**" means, unless otherwise specified it eh applicable Pricing Supplement, with respect to any Reference Fund, the Relevant Value of such Reference Fund on the Final Valuation Date.

"**Full Liquidation Date**" means, in respect of the Maturity Date, the date on which the liquidation proceeds of the Hypothetical Hedge Positions (including inter alia after satisfying any obligations or liabilities in place with respect to or part of such Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of such Hypothetical Hedge Positions) are deemed, as determined by the Calculation Agent, to be fully received by the Hypothetical Investor.

"**Holder**" means, with respect to any Note, the holder in whose name the Note is registered in the security register of the Issuer.

"**Hypothetical Hedge Positions**" means any purchase, sale, entry into or maintenance, by a Hypothetical Investor, of one or more (i) positions or contracts in Reference Fund Units, options, futures, derivatives, interest rate transactions or foreign exchange transactions, (ii) securities lending/borrowing transactions, (iii) cash deposits or cash borrowings and/or (iv) other instruments, arrangements, assets or liabilities howsoever described, in order to hedge individually or on a portfolio basis, the part of the Issuer's obligations under the Notes linked to the relevant Reference Fund(s) due on the Maturity Date apportioned pro rata to each outstanding Note.

"**Hypothetical Investor**" means, with respect to the Hypothetical Hedge Positions, a hypothetical investor in such Hypothetical Hedge Positions (including the applicable Reference Fund Units), located in France, and deemed, in respect of the Hypothetical Hedge Positions constituted by the applicable Reference Fund Units, to have (a) the benefits and obligations, as provided under the Reference Fund Documents, of an investor holding such Reference Fund Units; (b) in the case of any deemed redemption of the applicable Reference Fund, to have submitted a Valid Order requesting redemption of Reference Fund Units; and (c) in the case of any deemed investment in such Reference Fund, to have submitted a Valid Order requesting subscription of Reference Fund Units. The activity of the Hypothetical Investor described in the preceding sentence may be based on the activity of the Issuer or any of its affiliates.

"**Initial Value**" means, with respect to a Reference Fund, the Initial Value as specified in the applicable Pricing Supplement.

"Intermediate Full Liquidation Date" means, in respect of any Coupon Payment Date, the date on which the liquidation proceeds of the Intermediate Hypothetical Hedge Positions (including inter alia after satisfying any obligations or liabilities in place with respect to or part of such Intermediate Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of such Intermediate Hypothetical Hedge Positions) are deemed, as determined by the Calculation Agent, to be fully received by the Hypothetical Investor.

"Intermediate Hypothetical Hedge Positions" means any purchase, sale, entry into or maintenance, by a Hypothetical Investor, of one or more (i) positions or contracts in the relevant Reference Fund Units, options, futures, derivatives, interest rate transactions or foreign exchange transactions, (ii) securities lending/borrowing transactions, (iii) cash deposits or cash borrowings and/or (iv) other instruments, arrangements, assets or liabilities howsoever described, in order to hedge individually or on a portfolio basis, the part of the Issuer's obligations under the Notes linked to or indexed to the relevant Reference Fund Unit(s) due on a Coupon Payment Date, apportioned pro rata to each outstanding Note.

"**Issue Date**" means the Issue Date specified in the applicable Pricing Supplement on which date each Note is issued.

"**Issue Price**" means the Issue Price specified in the applicable Pricing Supplement at which the Notional Amount of per Note is issued.

"**Liquidity Disruption Event**" means a Calculation Disruption Event, NAV Determination Disruption Event or a Reference Fund Settlement Disruption.

"**Liquidity Disruption Event Monetization to the Maturity Date**" means:

(a) with respect to any Coupon Payment on any Coupon Payment Date affected by a Liquidity Disruption Event, the Issuer shall no longer be liable for the payment on the affected Coupon Payment Date but instead will, in full and final satisfaction of its obligations, pay on the Maturity Date an amount per Note, determined by the Calculation Agent, based on (i) the net positive cash amount that a Hypothetical Investor would be left with on the Intermediate Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order submitted within 40 Business Days following the Affected Valuation Date, the Intermediate Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Intermediate Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Intermediate Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Intermediate Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method)together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between (x) the Intermediate Full Liquidation Date (included) and (y) the fourth Business Day preceding the Maturity Date (excluded). For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Intermediate Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Intermediate Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero; and

(b) with respect to the Redemption Amount due on a Redemption Date affected by a Liquidity Disruption Event, the Issuer shall no longer be liable for the payment, on the Maturity Date, of the Redemption Amount as defined in the applicable Pricing Supplement, but instead will, in full and final satisfaction of its obligations, pay on the Maturity Date an amount per Note, determined by the Calculation Agent, equal to the sum of (a) the Minimum Redemption Amount, if any, and (b) any amount equal to the positive difference, if any, between (A)(i) the net positive cash amount that a Hypothetical Investor would be left with on the Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order submitted within 40 Business Days following the Affected Valuation Date, the Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision and of the Compounding Method) together with (iii) interest that would have accrued on such Calculation Amount pursuant to the Compounding Method, during the period (which for the purposes of this provision and of the Compounding Method shall be a "**Calculation Period**") between (x) the Full Liquidation Date (included) and (y) the fourth Business Day preceding the Maturity Date (excluded) and (B) an amount equal to the Minimum Redemption Amount. For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical Investor under its Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

"**Liquidity Disruption Event Postponement to the Adjusted Intermediate Payment Date**" means with respect to any Coupon Payment on any Coupon Payment Date affected by a Liquidity Disruption Event, the Issuer will no longer be liable for the Coupon Payment due on such Coupon Payment Date but instead will, in full and final satisfaction of its obligations, pay on the Adjusted Coupon Payment Date an amount per Note, determined by the Calculation Agent, based on (i) the net positive cash amount that a Hypothetical Investor would be left with on the Intermediate Full Liquidation Date, as a result of liquidating, pursuant to a Valid Order submitted within 40 Business Days following the Affected Valuation Date, the Intermediate Hypothetical Hedge Positions (*inter alia* after satisfying any obligations or liabilities in place with respect to or part of such Intermediate Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of the Intermediate Hypothetical Hedge Positions) minus (ii) the Associated Costs (the result of which, converted if necessary into the Specified Currency using the Relevant Spot Exchange Rate on the Intermediate Full Liquidation Date, is a "**Calculation Amount**" for the purposes of this provision). For the avoidance of doubt, the liquidation proceeds of any assets held by a Hypothetical Investor as Intermediate Hypothetical Hedge Positions shall be deemed to be used in priority to extinguish any liability, if any, incurred by such Hypothetical under its Intermediate Hypothetical Hedge Positions and the Calculation Amount mentioned above can be as low as zero.

"**Maturity Date**" means the Maturity Date specified on the cover page of the applicable Pricing Supplement, which will be, unless otherwise specified in the applicable Pricing Supplement, the fifth Business Day following the Final Valuation Date.

"**Maturity Disruption Event**" means that the Full Liquidation Date has not occurred on or before the fourth Business Day preceding the Maturity Date.

"Minimum Redemption Amount" means, as specified in the applicable Pricing Supplement, the minimum amount due to a Holder of the Notes at Maturity, which may be equal to the principal amount.

"**NAV Determination Disruption Event**" means, in respect of any Reference Fund Unit, the occurrence of any event (beyond the control of the Calculation Agent) affecting such Reference Fund that, in the determination of the Calculation Agent, makes it impossible or impracticable for the Calculation Agent to determine the Net Asset Value for more than three consecutive Business Days.

"**Net Asset Value**" means, with respect to any Reference Fund on any day on which the value of a Reference Fund must be obtained, the applicable pricing supplement will specify the method by which the Net Asset Value for such Reference Fund is calculated.

"**Notional Amount**" means the Notional Amount of each Note specified on the cover page hereof and in the applicable Pricing Supplement.

"**Optional Minimum Redemption Amount**" means, as specified in the applicable Pricing Supplement, the minimum amount due to a Holder of the Notes on the Option Redemption Date, which may be equal to the principal amount.

"Optional Redemption Amount" means the amount, if any, payable on the Option Redemption Date, as specified in the applicable

"Optional Redemption Date" means the date or dates as specified in the applicable Pricing Supplement.

"Optional Full Liquidation Date" means, in respect of an Optional Redemption Date, the date on which the liquidation proceeds of the Optional Hypothetical Hedge Positions (including inter alia after satisfying any obligations or liabilities in place with respect to such Optional Hypothetical Hedge Positions, if any, with the liquidation proceeds of the assets of such Optional Hypothetical Hedge Positions) are deemed, as determined by the Calculation Agent, to be fully received by the Hypothetical Investor.

"Optional Hypothetical Hedge Positions" means any purchase, sale, entry into or maintenance, by a Hypothetical Investor, of one or more (i) positions or contracts in Reference Fund Units, options, futures, derivatives, interest rate transactions or foreign exchange transactions, (ii) securities lending/borrowing transactions, (iii) cash deposits or cash borrowings and/or (iv) other instruments, arrangements, assets or liabilities howsoever described, in order to hedge individually or on a portfolio basis, the part of the Issuer's obligations under the Notes linked to or indexed to the relevant Reference Fund Unit due on an Optional Redemption Date, apportioned pro rata to each outstanding Note.

"**Pricing Date**" means the Pricing Date specified in the applicable Pricing Supplement on which the offering of the Notes is priced.

"**Postponed Scheduled Maturity Date**" means, if a Maturity Disruption Event occurs, the date that falls on the second anniversary date of the Maturity Date or if such day is not a Business Day, the immediately following Business Day.

"**Rating Agency**" means, Moody's Investors Service, Inc. ("Moody's") (or, if applicable, any Substitute Rating Agency (as defined below)) or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") (or, if applicable, any Substitute Rating Agency). No adjustment will be made solely as a result of a Rating Agency ceasing to provide ratings. If at any time less than two Rating Agencies provide ratings of Société Générale, the Calculation Agent will replace such inactive Ratings Agency with another nationally recognized statistical rating organization, to the extent one exists (such organization a "Substitute Rating Agency"), for purposes of determining if a Ratings Event has occurred and (a) such Substitute Rating Agency will be substituted for the last Rating Agency to provide a rating of Société Générale but which has since ceased to provide such rating, (b) the relative ratings scale used by such Substitute Rating Agency to assign ratings to senior unsecured debt will be determined in good faith by an independent investment banking institution of national standing appointed by us and, for purposes of determining the applicable ratings.

"**Redemption**" means, for purposes of this Product Supplement, each of the maturity, accelerated maturity and/or Early Redemption, as the case may be.

"**Redemption Date**" means the Redemption Date specified on the cover page hereof.

"**Reference Fund**" means, the fund or funds as specified in the applicable Pricing Supplement.

"**Reference Fund Documents**" means, in respect of a Reference Fund, the constitutive and governing documents, subscription agreements and other agreements of the Reference Fund specifying the terms and conditions relating to such Reference Fund.

"**Reference Fund Service Provider**" means, in respect of a Reference Fund, any person who is appointed to provide services, directly or indirectly, for that Reference Fund, whether or not specified in the Reference Fund Documents, including any fund investment adviser, fund administrator, manager, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary manager or another non-discretionary investment adviser) for such Reference Fund (each a "**Reference Fund Adviser**"), trustee or similar person with the primary administrative responsibilities for such Reference Fund, operator, management company, depository, custodian, sub-custodian, prime broker, registrar and transfer agent or domiciliary agent.

"**Reference Fund Settlement Disruption"** means a failure by any Reference Fund to pay in cash, within three consecutive Business Days following the date by which the Reference Fund was scheduled to have paid such amount, the full amount of the redemption proceeds and that, in the determination of the Calculation Agent, makes it impossible or impracticable for the Calculation Agent to determine the Net Asset Value, including without limitation due to (i) the transfer of all illiquid assets of such Reference Fund to a dedicated fund, account or structure pending the liquidation of such assets for the benefit of existing holders of the Reference Fund Units (side pocket), (ii) the restriction on the amount or number of redemptions that such Reference Fund (or the Reference Fund Service Provider generally in charge of accepting the redemption orders) will accept in relation to a single date on which such Reference Fund normally accepts redemption orders (a gate), (iii) the suspension for any reason of the subscription or redemption orders by such Reference Fund (or the applicable Reference Fund Service Provider generally in charge of accepting the subscription and redemption orders), or (iv) the postponement of the payment of the balance of redemption proceeds to a date occurring after the financial statements of the Reference Fund have been reviewed by the Reference Fund's statutory auditors (holdback), in each case whether these events are imposed by the Reference Fund without being envisaged in the Reference Fund Documents on the Issue Date of the Notes or are already envisaged by the Reference Fund Documents on the Issue Date of the Notes and are solely implemented by the Reference Fund after such date.

"**Reference Fund Unit**" means, in respect of a Reference Fund, a share of such Reference Fund or, if interests in such Reference Fund are not denominated as shares, a unit of account of ownership in such Reference Fund.

"**Relevant Spot Exchange Rate**" means in respect of a date and an amount to be converted in the Specified Currency, the rate of exchange of the currency in which such amount is denominated into the Specified Currency as determined by the Calculation Agent used to convert such amount on such date into the Specified Currency.

"**Relevant Value**" means, with respect to any Reference Fund on any Valuation Date (or the Pricing Date, as applicable) for such Reference Fund, the Net Asset Value of such Reference fund on such Valuation Date (or the Pricing Date, as applicable).

"**Specified Currency**" means, unless otherwise specified in the applicable Pricing Supplement, U.S. Dollars.

"**Substitution**" means that the Calculation Agent shall (i) identify a fund (the "**New Reference Fund**") having an investment strategy similar to the investment strategy of the Reference Fund affected by the Extraordinary Event or Liquidity Disruption Event, as applicable, (the "**Affected Reference Fund**") and the Calculation Agent shall adjust any relevant terms of the Notes to preserve the economic equivalent of the obligations of the Issuer under the Notes.

"**Valid Order**" means a valid and timely subscription or redemption order sent to the Reference Fund or the Reference Fund Service Provider that generally accepts such order, in accordance with the subscription or redemption notice period and the relevant cut off time as set forth in the Reference Fund Documents.

"**Valuation Date**" means, with respect a Reference Fund, (subject to postponement pursuant to the section "*Description of the Notes—Maturity Disruption Event"*) each Valuation Date specified on the cover page hereof and in the applicable Pricing Supplement, on which a Relevant Value for such Reference Fund is determined by the Calculation Agent.

SUPPLEMENTAL PLAN OF DISTRIBUTION

As described in the section of the Offering Memorandum entitled "Plan of Distribution," we, either ourselves or through SGAS as agent, will enter into one or more arrangements with agents, underwriters or dealers (each of SGAS and such agents, underwriters, or dealers, a "**Distributor**" and collectively, the "**Distributors**"), whereby each Distributor will distribute the Notes. Such distributions may occur on or subsequent to the Issue Date. Each Distributor will be entitled to receive a commission (the "**Distributor Commission**") for the Notes distributed by such Distributor on or after the Issue Date, as specified in more detail in the applicable Pricing Supplement. Distributor Commission will therefore be embedded in the price you pay for Notes. The Distributors may reoffer the Notes to other dealers who will sell the Notes. Each such dealer engaged by a Distributor, or further engaged by a dealer to whom each such Distributor reoffers the Notes, will be entitled to a portion of the Distributor Commission payable to such Distributor. The Distributor Commission may vary from dealer to dealer and not all dealers will be entitled to the same amount of Distributor Commission, even if such dealers are distributing the same Notes.

The Issuer has agreed to indemnify the Distributors against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "**Securities Act**"), or to contribute to payments that the Distributors may be required to make in respect thereof.

The offering of the Notes will be conducted in compliance with any applicable requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc.

To the extent that the total Aggregate Notional Amount of the Notes being offered by this Product Supplement and the applicable Pricing Supplement is not purchased by investors in the offering for the Notes, one or more of our affiliates has agreed to purchase the unsold portion, and to hold such Notes.

Please note that information herein and in the applicable Pricing Supplement about the Pricing Date, Issue Date, Issue Price to the public and net proceeds to the Issuer relates only to the initial sale of the Notes. If you have purchased the Notes in a secondary market transaction after the initial sale, information about the price and date of sale to you will be provided in a separate confirmation of sale.

No offers, sales or deliveries of Notes or distribution of this Product Supplement, the applicable Pricing Supplement or the Offering Memorandum or any other offering material relating to Notes, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on us or any Distributor.

For information on selling restrictions in specific jurisdictions in which Notes will be sold, see the Offering Memorandum.

The Notes are a new issue of securities with no established trading market and will not be listed on any national securities exchange or quoted in any inter-dealer quotation system. Under ordinary market conditions, SGAS (or another broker-dealer affiliated with Société Générale) intends to maintain a secondary market in the Notes; however, neither SGAS nor any of its affiliates has any obligation to provide a secondary market in the Notes and may discontinue doing so at any time. Even if SGAS or any affiliate does maintain a secondary market in the Notes, you may not be able to sell your Notes easily or at prices that will provide a yield comparable to that of similar securities that have a liquid secondary market. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes.

If SGAS provides such a secondary market, the bid-ask spread will likely be no greater than the percentage of the Notional Amount of a Note set forth in the applicable Pricing Supplement, and the bid and offer prices for the Notes will be displayed on Reuters (under the symbol SGENY0) and on the Bloomberg Financial Service (under the symbol SGNY). SGAS will determine its secondary market prices in its sole discretion. Any market-making price quoted by SGAS will be net of all or a portion of any commission paid or allowance made to the Distributors.

For more information, see "*Description of the Notes—Redemption and Repurchase—Secondary Market Purchases*" and "*Risk Factors--Risks related to the secondary market generally*" in the Offering Memorandum.

Conflicts of Interest

SGAS, one of the potential selling agents in the offerings of Notes, is an affiliate of ours and, as such, has a "conflict of interest" in these offerings within the meaning of FINRA Rule 5121. Consequently, the offerings are being conducted in compliance with the provisions of FINRA Rule 5121. SGAS is not permitted to sell Notes in any offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

CERTAIN ERISA CONSIDERATIONS

For a discussion of the benefit plan investor consequences related to the Notes, see "*Benefit Plan Investor Considerations*" in the Offering Memorandum.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATION

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ANY DISCUSSIONS OF U.S. FEDERAL INCOME TAX MATTERS SET FORTH IN THIS PRODUCT SUPPLEMENT AND IN ANY ACCOMPANYING PRICING SUPPLEMENT WERE WRITTEN IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE ISSUER, GUARANTOR AND/OR SGAS OF THE NOTES. SUCH DISCUSSIONS WERE NOT INTENDED OR WRITTEN TO BE LEGAL OR TAX ADVICE TO ANY PERSON AND WERE NOT INTENDED OR WRITTEN TO BE USED, AND THEY CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING ANY U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON. EACH INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF EACH PROSPECTIVE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTIONS DESCRIBED IN THIS PRODUCT SUPPLEMENT OR THE APPLICABLE PRICING SUPPLEMENT, AS THE CASE MAY BE, AND ALL MATERIALS OF ANY KIND THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE (AS SUCH TERMS ARE DEFINED IN TREASURY REGULATION SECTION 1.6011-4). THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF DISCUSSIONS BETWEEN THE ISSUER, GUARANTOR OR SGAS OR THEIR REPRESENTATIVES AND EACH PROSPECTIVE INVESTOR REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

DISCUSSION

The following discussion summarizes certain U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of Notes.

For purposes of this summary, a “U.S. holder” is a beneficial owner of a Note that is:

- an individual who is a citizen or a resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States or any State thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons (as defined for U.S. federal income tax purposes) have the authority to control all substantial decisions of the trust or (2) such trust was in existence on August 20, 1996, and such trust has a valid election in effect under the applicable Treasury regulations to be treated as a United States person.

For purposes of this summary, a “non-U.S. holder” is a beneficial owner of a Note (other than an entity classified as a partnership for U.S. federal income tax purposes) that is not a U.S. holder.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one third of the days present in the immediately preceding year, and one sixth of the days present in the second preceding year).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. Except as specifically provided below, this summary addresses only holders that purchase Notes at initial issuance, and own Notes as capital assets (as defined in Section 1221 of the Code) and not as part of a "straddle," "hedge," "synthetic security" or a "conversion transaction" for U.S. federal income tax purposes or as part of some other integrated investment. This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws, such as banks, thrifts or other financial institutions; insurance companies; securities or currency dealers or brokers, or traders in securities electing mark-to-market treatment; regulated investment companies or real estate investment trusts; small business investment companies; S corporations; investors that hold their Notes through a partnership or other entity treated as a partnership for U.S. federal income purposes; investors whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; retirement plans or other tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; persons that own in the aggregate, directly or indirectly (including by reason of investing in the Notes) more than 5% of any Reference Fund or any entity owned by any Reference Fund; or "controlled foreign corporations" or "passive foreign investment companies" ("**PFIC**"), both as defined for U.S. federal income tax purposes. This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Notes. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of any Note, the treatment of a partner in the partnership will generally depend upon the status of such partner and the activities of the partnership. Persons considering the purchase of Notes should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, beneficial ownership and disposition of Notes arising under the laws of any other taxing jurisdiction.

The applicable Pricing Supplement may contain a further discussion of the special U.S. federal income tax consequences applicable to certain Notes. The summary of the U.S. federal income tax considerations contained in the applicable Pricing Supplement supersedes the following summary to the extent it is inconsistent therewith.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.

U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes

Unless otherwise indicated in the applicable Pricing Supplement, we intend to treat the Notes as indebtedness for U.S. federal income tax purposes and except as provided below under "—U.S. Federal Income Tax Treatment of the Notes Other Than as Indebtedness for U.S. Federal Income Tax Purposes", the balance of this summary assumes that the Notes are treated as indebtedness for U.S. federal income tax purposes. However, the treatment of a Note as indebtedness for U.S. federal income tax purposes depends on a number of factors and, if the Notes are not properly treated as indebtedness for U.S. federal income tax purposes, the U.S. federal income tax treatment of investors in such Notes may be different than that described below.

Payments of Interest. Payments of interest on a Note generally will be taxable to a U.S. holder as ordinary interest income at the time such payments are accrued or received (in accordance with the U.S. holder's regular method of tax accounting), provided that the interest is "qualified stated interest" (as defined below).

Original Issue Discount. The following summary is a general discussion of the U.S. federal income tax consequences to U.S. holders of the purchase, ownership and disposition of Notes issued with original issue discount. The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes having been issued with original issue discount.

A Note will have original issue discount for U.S. federal income tax purposes if the Note's "issue price" is less than the Note's "stated redemption price at maturity" by more than a *de minimis* amount, as discussed below, and the Note has a term of more than one year.

The issue price of a Note generally is the first price at which a substantial amount of the "issue" of Notes is sold to the public for money (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), excluding pre-issuance accrued interest (as discussed below under "—Pre-Issuance Accrued Interest").

The "stated redemption price at maturity" of a Note generally is the total amount of all payments provided by the Note other than "qualified stated interest" payments.

Qualified stated interest generally is stated interest that is "unconditionally payable" in cash or property (other than debt instruments of the issuer) at least annually either at a single fixed rate or a qualifying variable rate (as described below). Qualified stated interest is taxable to a U.S. holder when accrued or received in accordance with the U.S. holder's regular method of tax accounting, as described above under "—Payments of Interest."

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the Note otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. Thus, if the interval between payments varies during the term of the instrument, the value of the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval preceding the payment.

Notes having "*de minimis* original issue discount" generally will be treated as not having original issue discount unless a U.S. holder elects to treat all interest on the Note as original issue discount. See "—Election to Treat All Interest and Discount as Original Issue Discount (Constant Yield Method)." A Note will be considered to have "*de minimis* original issue discount" if the difference between its stated redemption price at maturity and its issue price is less than the product of ¼ of 1 percent of the stated redemption price at maturity and the number of complete years from the issue date to maturity (or the weighted average maturity in the case of a Note that provides for payment of an amount other than qualified stated interest prior to maturity).

U.S. holders of Notes having original issue discount will be required to include original issue discount in gross income for U.S. federal income tax purposes as it accrues (regardless of the U.S. holder's regular method of tax accounting), which may be in advance of receipt of the cash attributable to such income. Original issue discount accrues under the constant yield method, based on a compounded yield to maturity, as described below. Accordingly, U.S. holders of Notes having original issue discount will generally be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

The annual amount of original issue discount includible in income by the initial U.S. holder of a Note having original issue discount will equal the sum of the "daily portions" of the original issue discount with respect to the Note for each day on which the U.S. holder held the Note during the taxable year. Generally, the daily portions of original issue discount are determined by allocating to each day in an "accrual period" the ratable portion of original issue discount allocable to the accrual period. The term accrual period means an interval of time with respect to which the accrual of original issue discount is measured and which may vary in length over the term of the Note *provided* that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first or last day of an accrual period.

The amount of original issue discount allocable to an accrual period will be the excess of:

- the product of the "adjusted issue price" of the Note at the commencement of the accrual period and its "yield to maturity" over

- the amount of any qualified stated interest payments allocable to the accrual period.

The adjusted issue price of a Note at the beginning of the first accrual period is the Note's issue price and, on any day thereafter, it is the sum of the issue price and the amount of original issue discount previously includible in the gross income of the U.S. holder (without regard to any "acquisition premium" as described below), reduced by the amount of any payment other than a payment of qualified stated interest previously made on the Note. If an interval between payments of qualified stated interest contains more than one accrual period, the amount of qualified stated interest that is payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated on a pro-rata basis to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval is increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but is not payable until the end of the interval. The yield to maturity of a Note is the yield to maturity computed on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period. If all accrual periods are of equal length except for a shorter initial accrual period or a shorter initial and final accrual period, the amount of original issue discount allocable to the initial period may be computed using any reasonable method; however, the original issue discount allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price of the Note at the beginning of the final accrual period.

Pre-Issuance Accrued Interest. If (i) a portion of the initial purchase price of a Note is attributable to pre-issuance accrued interest, (ii) the first stated interest payment on the Note is to be made within one year of the Note's issue date, and (iii) the payment will equal or exceed the amount of pre-issuance accrued interest, then the U.S. holder may compute the issue price of the Note by subtracting the amount of the pre-issuance accrued interest. In that event, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

Notes Subject to Call or Put Options. For purposes of calculating the yield and maturity of a Note subject to an option, in general, a call option held by the issuer is presumed exercised if, upon exercise, the yield on the Note is less than it would have been had the option not been exercised, and a put option held by a U.S. holder is presumed exercised if, upon exercise, the yield on the Note is more than it would have been had the option not been exercised. The effect of this rule generally may accelerate or defer the inclusion of original issue discount in the income of a U.S. holder whose Note is subject to a put option or a call option, as compared to a Note that does not have such an option. If any option that is presumed to be exercised is not in fact exercised, the Note is treated as retired and reissued solely for purposes of the original issue discount rules on the date of presumed exercise for an amount equal to the Note's adjusted issue price on that date. The deemed reissuance will have the effect of redetermining the Note's yield and maturity for original issue discount purposes and any related subsequent accruals of original issue discount.

Variable Rate Debt Instruments. Certain Notes that qualify as "variable rate debt instruments" are subject to the special rules described below. A Note will qualify as a variable rate debt instrument if (a) the Note's issue price does not exceed the total noncontingent principal payments due under the Note by more than a specified *de minimis* amount and (b) the Note provides for stated interest, paid or compounded at least annually, at current values of (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate. The applicable Pricing Supplement will indicate whether we intend to treat a Note as a variable rate debt instrument that is subject to these special rules.

A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate, unless such cap or floor is fixed throughout the term of the Note. An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and that is based on objective financial or economic information. A rate will not qualify as an objective rate if it is based on information that is within the control of the issuer (or a related party) or that is unique to the circumstances of the issuer (or a related party) such as dividends, profits, or the value of the issuer's stock (although a rate does not fail to qualify as an objective rate merely because it is based on the credit quality of the issuer). A "qualified inverse floating rate" is any objective rate which is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. Further, if a Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the Note's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", and if the stated interest on such Note is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually, then all stated interest on the Note will constitute qualified stated interest and will be taxed accordingly. Thus, a Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with original issue discount unless the Note is issued at a "true" discount (*i.e*., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. The amount of qualified stated interest and the amount of original issue discount, if any, that accrues during an accrual period on such a Note is determined under the rules applicable to fixed rate debt instruments by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

In general, any other Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Note. Treasury regulations generally require that such a Note be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Note. In the case of a Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Note as of the Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Note is then converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. holder of the Note will account for such original issue discount and qualified stated interest as if the U.S. holder held the "equivalent" fixed rate debt instrument. Each accrual period appropriate adjustments will be made to the amount of qualified stated interest or original issue discount assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Note during the accrual period.

Short-Term Debt Instruments. Certain Notes that are treated as "short-term" debt instruments are subject to special rules. U.S. holders that report income for U.S. federal income tax purposes on the accrual method and certain other holders are required to include original issue discount (equal to the difference between all payments on the Note over its issue price) in income. Original issue discount on Notes that are short-term debt instruments is accrued on a straight-line basis, unless an irrevocable election with respect to the Note is made to accrue the original issue discount under the constant yield method based on daily compounding.

In general, an individual or other cash method U.S. holder of a short-term debt instrument is not required to accrue original issue discount with respect to a Note that is a short-term debt instrument, unless the U.S. holder elects to do so, but may be required to include interest paid on the Note that is a short-term debt instrument in income as the interest is received. An election by a cash basis U.S. holder to accrue original issue discount on a Note that is a short-term debt instrument, applies to all short-term debt instruments acquired by the U.S. holder during the first taxable year for which the election is made, and all subsequent taxable years of the U.S. holder, unless the Internal Revenue Service (the "**IRS**") consents to a revocation. In the case of a U.S. holder that is not required (and does not elect) to include original issue discount in income currently, any gain realized on the sale, exchange, retirement, redemption or other disposition of a Note that is a short-term debt instrument is treated as ordinary income to the extent of the original issue discount that had accrued on a straight-line basis (or, if elected, under the constant yield method based on daily compounding) through the date of sale, exchange, retirement, redemption or other disposition and the U.S. holder will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry the Note in an amount not exceeding the accrued original issue discount (determined on a ratable basis, unless the U.S. holder elects to use a constant yield basis) on the Note, until the original issue discount is recognized.

Market Discount and Premium. If a U.S. holder purchases a Note, other than a contingent payment debt instrument or a short-term debt instrument, for an amount that is less than the Note's stated redemption price at maturity or, in the case of a Note having original issue discount, less than the Note's revised issue price (which is the sum of the issue price of the Note increased by the aggregate amount of the original issue discount previously includible in the gross income of any holder (without regard to any acquisition premium) and decreased by the amount of any payments previously made on the Note that were not payments of qualified stated interest), the amount of the difference generally will be treated as market discount for U.S. federal income tax purposes. It is possible that a U.S. holder may purchase a Note at original issuance for an amount that is different than its issue price. The amount of any market discount generally will be treated as *de minimis* and disregarded if the amount is less than the product of ¼ of 1 percent of the stated redemption price at maturity of the Note and the number of complete remaining years to maturity (or weighted average remaining maturity in the case of Notes paying any amount other than qualified stated interest prior to maturity).

Under the market discount rules, a U.S. holder is required to treat any principal payment on, or any gain on the sale, exchange, retirement, redemption or other disposition of a Note as ordinary income to the extent of any accrued market discount that has not previously been included in income. If the Note is disposed of in a nontaxable transaction (other than certain specified nonrecognition transactions), accrued market discount will be includible as ordinary income to the U.S. holder as if the U.S. holder had sold the Note at its then fair market value. In addition, the U.S. holder may be required to defer, until the maturity of the Note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the Note.

Market discount accrues ratably during the period from the date of acquisition to the maturity of a Note, unless the U.S. holder elects to accrue it under the constant yield method. A U.S. holder of a Note may elect to include market discount in income currently as it accrues (either ratably or under the constant yield method), in which case the rule described above regarding deferral of interest deductions will not apply. The election to include market discount currently applies to all market discount obligations acquired during or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the basis of the Note in the hands of the U.S. holder will be increased by the market discount thereon as it is included in income.

A U.S. holder that purchases a Note having original issue discount, other than a contingent payment debt instrument, for an amount exceeding its "adjusted issue price" (which is described above under "—Original Issue Discount") and less than or equal to the sum of all remaining amounts payable on the Note other than payments of qualified stated interest will be treated as having purchased the Note with acquisition premium. The amount of original issue discount that the U.S. holder must include in gross income with respect to such Note will be reduced in the proportion that the excess bears to the original issue discount remaining to be accrued as of the Note's acquisition date and ending on the stated maturity date. Rather than apply the above fraction, the U.S. holder that, as discussed below, elects to treat all interest as original issue discount would treat the purchase at an acquisition premium as a purchase at original issuance and calculate original issue discount accruals on a constant yield to maturity basis.

A U.S. holder that acquires a Note, other than a contingent payment debt instrument, for an amount that is greater than the sum of all remaining amounts payable on the Note other than payments of qualified stated interest will be treated as having purchased the Note at a bond premium and will not be required to include any original issue discount in income. A U.S. holder generally may elect to amortize bond premium. The election to amortize bond premium must be made with a timely filed U.S. federal income tax return for the first taxable year to which the U.S. holder wishes the election to apply.

If bond premium is amortized, the amount of interest that must be included in the U.S. holder's income for each period ending on an interest payment date or on stated maturity, as the case may be, will be reduced by the portion of bond premium allocable to such period based on the Note's yield to maturity (or, in certain circumstances, until an earlier call date) determined by using the U.S. holder's basis of the Note, compounding at the close of each accrual period. If the bond premium allocable to an accrual period is in excess of qualified stated interest allocable to that period, the excess may be deducted to the extent of prior interest income inclusions and is then carried to the next accrual period and offsets qualified stated interest in such period. If an election to amortize bond premium is not made, a U.S. holder must include the full amount of each interest payment in income in accordance with its regular method of accounting and will receive a tax benefit from the premium only in computing its gain or loss upon the sale, exchange, retirement, redemption or other disposition or payment of the principal amount of the Note.

An election to amortize bond premium will apply to amortizable bond premium on all Notes and other bonds, the interest on which is includible in the U.S. holder's gross income, held at the beginning of the U.S. holder's first taxable year to which the election applies or thereafter acquired, and may be revoked only with the consent of the IRS. The election to treat all interest as original issue discount is treated as an election to amortize premium. Special rules may apply if a Note is subject to call prior to maturity at a price in excess of its stated redemption price at maturity.

Election to Treat All Interest and Discount as Original Issue Discount (Constant Yield Method). A U.S. holder of a Note may elect to include in income all interest and discount (including *de minimis* original issue discount and *de minimis* market discount), as adjusted by any premium with respect to the Note, based on a constant yield method, which is described above under "— Original Issue Discount." The election is made for the taxable year in which the U.S. holder acquired the Note, and it may not be revoked without the consent of the IRS. If such election is made with respect to a Note having market discount, the U.S. holder will be deemed to have elected currently to include market discount on a constant yield basis with respect to all debt instruments having market discount acquired during the year of election or thereafter. If made with respect to a Note having amortizable bond premium, the U.S. holder will be deemed to have made an election to amortize premium generally with respect to all debt instruments having amortizable bond premium held by the U.S. holder during the year of election or thereafter.

Sale, Exchange, Retirement Redemption or Repayment of the Notes. Upon the disposition of a Note by sale, exchange, retirement, redemption, or other disposition or repayment of principal at maturity, a U.S. holder will generally recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued but unpaid interest, which will be taxable as such) and (ii) the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note (net of accrued interest) to the U.S. holder, increased by amounts includible in income as original issue discount or market discount, as described above (if the holder elects to include market discount in income on a current basis) and reduced by any amortized bond premium and any payments (other than payments of qualified stated interest) made on the Note.

Such gain or loss (except to the extent that the market discount rules or the rules relating to short-term debt instruments or contingent payment debt instruments otherwise provide) will generally constitute capital gain or loss, which will be long-term capital gain or loss if the Note was held for more than one year. Long-term capital gains of individual taxpayers may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Contingent Payment Debt Instruments. Certain Notes may be taxed pursuant to the rules applicable to "contingent payment debt instruments". The applicable Pricing Supplement will indicate whether we intend to treat a Note as a debt instrument that must be taxed pursuant to the rules applicable to contingent payment debt instruments. If a contingent payment debt instrument is issued for cash or publicly traded property, original issue discount is determined and accrued under the "noncontingent bond method." Unless otherwise indicated in the applicable Pricing Supplement, we intend to treat all Notes that must be taxed pursuant to the rules applicable to contingent payment debt instruments as subject to the noncontingent bond method.

Under the noncontingent bond method, for each accrual period, U.S. holders of the Notes accrue original issue discount equal to the product of (i) the "comparable yield" (adjusted for the length of the accrual period) and (ii) the "adjusted issue price" of the Notes at the beginning of the accrual period. This amount is ratably allocated to each day in the accrual period and is includible as ordinary interest income by a U.S. holder for each day in the accrual period on which the U.S. holder holds the contingent payment debt instrument, whether or not the amount of any payment is fixed or determinable in the taxable year. Thus, the noncontingent bond method may result in recognition of income prior to the receipt of cash.

In general, the comparable yield of a contingent payment debt instrument is equal to the yield at which the issuer would issue a fixed rate debt instrument with terms and conditions similar to those of the contingent payment debt instrument, including level of subordination, term, timing of payments, and general market conditions. For example, if a hedge of the contingent payment debt instrument is available that, if integrated with the contingent payment debt instrument, would produce a "synthetic debt instrument" with a specific yield to maturity, the comparable yield will be equal to the yield of the synthetic debt instrument. However, if such a hedge is not available, but similar fixed rate debt instruments of the issuer are traded at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the benchmark rate on the issue date and the spread. The applicable Pricing Supplement will either provide the comparable yield, or investors can obtain the comparable yield of the Notes by contacting SG Structured Products Inc., Olivier Daguet at (as of the date hereof) 1221 Avenue of the Americas, New York, New York 10020. On or about September 1, 2013, the Issuer, the Guarantor, and SGAS will be relocating their New York City location from 1221 Avenue of the Americas, New York, NY 10020 to 245 Park Avenue, New York, NY 10167.

The adjusted issue price at the beginning of each accrual period is generally equal to the issue price of the Note plus the amount of original issue discount previously accrued upon the Note (generally determined without regard to any positive or negative adjustments, as discussed below) less any noncontingent payment and the projected amount of any contingent payment contained in the projected payment schedule (as described below) previously scheduled to have been made on the contingent payment debt instrument.

In addition to the determination of a comparable yield, the noncontingent bond method requires us to construct a projected payment schedule. The projected payment schedule includes all noncontingent payments, and projected amounts for each contingent payment to be made under the contingent payment debt instrument that are adjusted to produce the comparable yield. The applicable Pricing Supplement will either provide such projected payment schedule, or investors can obtain the projected payment schedule by contacting SG Structured Products Inc., Olivier Daguet at (as of the date hereof) 1221 Avenue of the Americas, New York, New York 10020. On or about September 1, 2013, the Issuer, the Guarantor, and SGAS will be relocating their New York City location from 1221 Avenue of the Americas, New York, NY 10020 to 245 Park Avenue, New York, NY 10167.

Except as discussed below, the projected payment schedule remains fixed throughout the term of the contingent payment debt instrument and is not revised to account for changes in circumstances that occur while the Notes are outstanding. A U.S. holder is required to use the issuer's projected payment schedule to determine its interest accruals and adjustments, unless the U.S. holder determines that the issuer's projected payment schedule is unreasonable, in which case the U.S. holder must disclose its own projected payment schedule in connection with its U.S. federal income tax return and the reason(s) why it is not using the issuer's projected payment schedule.

The comparable yield and the projected payment schedule are used to determine accruals of interest FOR U.S. FEDERAL INCOME TAX PURPOSES ONLY and are not assurances or predictions by us with respect to the actual yield of or payments to be made in respect of a Note. The comparable yield and the projected payment schedule do not represent our expectations regarding such yield or the amount of such payments.

If the actual amounts of contingent payments are different from the amounts reflected in the projected payment schedule, a U.S. holder is required to make adjustments in its original issue discount accruals when such amounts are paid. In addition, if a Note has been held until maturity, for purposes of determining the amount realized upon retirement of the Note at maturity, the U.S. holder is generally treated as receiving the projected amount of any contingent payment due at maturity, as provided by the projected payment schedule (subject to adjustment, as described below). Adjustments arising from contingent payments that are greater than the projected amounts of those payments are referred to as "positive adjustments"; adjustments arising from contingent payments that are less than the projected amounts are referred to as "negative adjustments." Positive and negative adjustments are netted for each taxable year with respect to each Note. Any net positive adjustment for a taxable year is treated as additional original issue discount income of the U.S. holder. Any net negative adjustment reduces any original issue discount on the Note for the taxable year that would otherwise accrue. Any excess is then treated as a current-year ordinary loss to the U.S. holder to the extent of original issue discount accrued in prior years. The balance, if any, is treated as a negative adjustment in subsequent taxable years. Finally, to the extent that it has not previously been taken into account, an excess negative adjustment reduces the amount realized upon a sale, exchange, retirement, redemption or other disposition of the Note.

Notwithstanding the foregoing, special rules will apply if a contingent payment on a Note becomes fixed more than six months prior to its scheduled date of payment. Generally, in such a case, a U.S. holder would be required to account for the difference between the present value of the fixed payment and the present value of the projected payment as either a positive adjustment or a negative adjustment (*i.e.*, either as additional original issue discount or as an offset to future original issue discount or as an ordinary loss, as appropriate) on the date the payment becomes fixed. Notwithstanding the preceding sentence, if all remaining contingent payments become fixed substantially contemporaneously, any positive or negative adjustment is taken into account in a reasonable manner over the remaining term of the Note. In addition, the projected payment schedule will generally be modified prospectively to reflect the fixed amount of the payment, and no further adjustment will be made when the payment is actually made. The adjusted issue price of the Note and a U.S. holder's tax basis in the Note and the character of any gain or loss on the sale of the Note could also be affected. U.S. holders should consult their own tax advisors concerning these special rules.

A U.S. holder's basis in a contingent payment debt instrument is increased by the original issue discount previously accrued by the U.S. holder on the contingent payment debt instrument (as determined without regard to adjustments made to reflect differences between actual and projected payments, except as discussed in the preceding paragraph) and reduced by the amount of any non-contingent payments and the projected amount of any contingent payments previously made to the U.S. holder. Gain on the sale, exchange, retirement, redemption or other disposition of a contingent payment debt instrument generally is treated as ordinary income. Loss, on the other hand, is treated as ordinary loss only to the extent of the U.S. holder's prior net original issue discount inclusions (*i.e.*, reduced by the total net negative adjustments previously allowed to the U.S. holder as an ordinary loss) and capital loss to the extent in excess thereof. The deductibility of capital losses is subject to certain limitations.

A U.S. holder that purchases a Note for an amount other than the issue price of the Note will be required to adjust its original issue discount inclusions to account for the difference. These adjustments will affect the U.S. holder's basis in the Note. Reports to U.S. holders may not include these adjustments. U.S. holders that purchase Notes for an amount other than the issue price should consult their tax advisors regarding these adjustments.

Prospective investors should consult their own tax advisors with respect to the application of the contingent payment debt instrument provisions to Notes.

Foreign Currency Notes. Certain Notes that are denominated in or on which interest is payable in a Foreign Currency are subject to special rules. As used herein, "**Foreign Currency**" means a currency other than U.S. dollars. The applicable Pricing Supplement will indicate whether we intend to treat the Notes as subject to these special rules. The following discussion summarizes the principal U.S. federal income tax consequences of owning a Note that is denominated in or on which interest is payable in a Foreign Currency (other than a currency described in this section that is considered "hyperinflationary" for U.S. federal income tax purposes), and is not a contingent payment debt instrument or a dual currency Note. Special U.S. federal income tax considerations applicable to Notes that are denominated in or on which interest is payable in a hyperinflationary currency, are contingent payment debt instruments, or are dual currency Notes, will be discussed in the applicable Pricing Supplement.

<u>Payments of Interest in a Foreign Currency - Cash Method.</u> A U.S. holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of interest on a Note (other than original issue discount or market discount) will be required to include in income the U.S. dollar value of the Foreign Currency payment (determined at the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and such U.S. dollar value will be the U.S. holder's tax basis in such Foreign Currency. No exchange gain or loss will be recognized with respect to the receipt of such payment.

<u>Payments of Interest in a Foreign Currency - Accrual Method.</u> A U.S. holder who uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount and reduced by amortizable bond premium

to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder may translate such interest using the spot rate on the date of receipt. The above election will apply to other debt obligations held by the U.S. holder and may not be changed without the consent of the IRS. A U.S. holder should consult a tax advisor before making the above election. A U.S. holder will recognize exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the Foreign Currency payment received (determined at the spot rate on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above).

Purchase, Sale and Retirement of Notes. A U.S. holder who purchases a Note with previously owned Foreign Currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. holder's tax basis in the Foreign Currency and the U.S. dollar fair market value of the Foreign Currency used to purchase the Note, determined on the date of purchase.

For purposes of determining the amount of any gain or loss recognized by a U.S. holder on the sale, exchange, retirement or other disposition of a Note that is denominated in a Foreign Currency, the amount realized will be based on the U.S. dollar value of the Foreign Currency on the date the payment is received or the Note is disposed of. Subject to the discussion below, such gain or loss will generally be capital gain or loss as discussed in "—Sale, Exchange, Retirement Redemption or Repayment of the Notes." To the extent the amount realized upon the disposition of a Note represents accrued but unpaid interest, however, such amounts must be taken into account as interest income, with exchange gain or loss computed as described in "—Foreign Currency Notes—Payments of Interest in a Foreign Currency – Accrual Method" above. In the case of a Note that is denominated in Foreign Currency and is traded on an established securities market as defined in the applicable Treasury regulations, a cash basis U.S. holder (or, upon election, an accrual basis U.S. holder) will determine the U.S. dollar value of the amount realized by translating the Foreign Currency payment at the spot rate of exchange on the settlement date of the sale. Such an election by an accrual basis U.S. holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. holder's adjusted tax basis in a Note will equal the cost of the Note to such U.S. holder, increased by the amounts of any market discount or original issue discount previously included in income by the U.S. holder with respect to such Note and reduced by any amortized premium and any payments other than qualified stated interest received by the U.S. holder. A U.S. holder's tax basis in a Note, and the amount of any subsequent adjustments to such U.S. holder's tax basis, will be the U.S. dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realized upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss, which will not be treated as interest income or expense. Such gain or loss generally will be U.S. source gain or loss. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of the Note, generally determined on the date such payment is received or the Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date the U.S. holder acquired the Note. Such Foreign Currency exchange gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange or retirement of the Note.

Original Issue Discount. In the case of an Note or short-term debt instrument, (i) original issue discount is computed in the Foreign Currency, (ii) accrued original issue discount is translated into U.S. dollars as described in "—Foreign Currency Notes—Payments of Interest in a Foreign Currency - Accrual Method" above and (iii) the amount of Foreign Currency exchange gain or loss on the accrued original issue discount is determined by comparing the amount of income received attributable to the discount (either upon payment, maturity or an earlier disposition), as translated into U.S. dollars at the rate of exchange on the date of such receipt, with the amount of original issue discount accrued, as translated above. For these purposes, all receipts on a Note will be viewed first, as the receipt of any qualified stated interest payments called for under the terms of the Note; second, as receipts of previously accrued original issue discount (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as the receipt of principal.

Market Discount and Premium. In the case of a Note with market discount, (i) market discount is computed in the Foreign Currency, (ii) accrued market discount taken into account upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the Note (other than accrued market discount required to be taken into account currently) is translated into U.S. dollars at the exchange rate on the date of such partial principal payment or disposition date (and no part of such accrued market discount is treated as exchange gain or loss) and (iii) accrued market discount currently includible in income by a U.S. holder for any accrual period is translated into U.S. dollars on the basis of the average exchange rate in effect during such accrual period, and the exchange gain or loss is determined upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the Note in the manner described in "—Foreign Currency Notes—Payments of Interest in a Foreign Currency – Accrual Method" above with respect to the computation of exchange gain or loss on accrued interest.

With respect to a Note acquired with amortizable bond premium, if an election is made to amortize the premium, such premium is computed in the relevant Foreign Currency and reduces interest income in units of the Foreign Currency. A U.S. holder should recognize exchange gain or loss equal to the difference between the U.S. dollar value of the bond premium amortized with respect to a period, determined on the date the interest attributable to such period is received, and the U.S. dollar value of the bond premium determined on the date of the acquisition of the Note. A U.S. holder that does not elect to amortize bond premium will translate the bond premium, computed in the applicable Foreign Currency, into U.S. dollars at the spot rate on the maturity date and such bond premium will constitute a capital.

Exchange of Foreign Currencies. A U.S. holder will have a tax basis in any Foreign Currency received as interest or on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such Foreign Currency, determined at the time the interest is received or at the time of the sale, exchange or retirement. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual basis U.S. holder) will determine the U.S. dollar value of the Foreign Currency by translating the Foreign Currency received at the spot rate of exchange on the settlement date of the sale, exchange or retirement. Such an election by an accrual basis U.S. holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Accordingly, a U.S. holder's basis in the Foreign Currency received would be equal to the U.S. dollar value of the Foreign Currency at the spot rate of exchange on the settlement date. Any gain or loss realized by a U.S. holder on a sale or other disposition of Foreign Currency (including its exchange for U.S. dollars or its use to purchase Notes) will be ordinary income or loss and will generally be U.S. source income or loss.

Certain Other Debt Securities. Certain Notes that we intend to treat as indebtedness for U.S. federal income tax purposes may be subject to special rules. The applicable Pricing Supplement will discuss the principal U.S. federal income tax consequences with respect to Notes that are subject to any special rules not described herein.

U.S. Federal Income Tax Treatment of the Notes Other Than as Indebtedness for U.S. Federal Income Tax Purposes

Certain Notes Treated as a Put Option and a Deposit. We may treat certain Notes as consisting of a put option and a deposit for U.S. federal income tax purposes. The applicable Pricing Supplement will indicate whether we intend to treat the Notes as consisting of a put option and a deposit for U.S. federal income tax purposes. This section describes the U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of a Note that we intend to treat as consisting of a put option and a deposit.

There are no Treasury regulations, published rulings or judicial decisions addressing the treatment for U.S. federal income tax purposes of Notes with terms that are substantially the same as the Notes described in this section. We intend to treat each Note described in this section as consisting of (1) a put option written by the holder (the "Put Option") that, depending on the terms of the Notes, requires the holder to purchase the Reference Fund Unit or Reference Fund Units from us at maturity for an amount equal to the Deposit (as defined below) or permits us to cash-settle the Put Option (i.e., require the holder to pay us at the maturity date the difference between the Deposit and the value of the Reference Fund Unit or Reference Fund Units at such time), and (2) a deposit with us of cash, in an amount equal to the principal amount of the Note (the "Deposit") to secure the U.S. holder's potential obligation under the Put Option. Pursuant to the terms of the Notes, each holder agrees to such treatment for all U.S. federal income tax purposes. Except for the possible alternative treatments described below, the balance of this summary assumes that the Notes are so treated.

We intend to treat a portion of the stated interest payments on a Note described in this section as interest or original issue discount on the Deposit, and the remainder as put premium in respect of the Put Option (the "Put Premium"). The portion of the stated interest rate on a Note described in this section that constitutes interest or original issue discount on the Deposit and the portion that constitutes Put Premium will be specified in the applicable Pricing Supplement.

If the term of a Note described in this section is more than one year, U.S. holders should include the portion of the stated interest payments on the Note that is treated as interest in income, as described above under "—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes—Payments of Interest."

If the term of a Note described in this section is one year or less, the Deposit should be treated as a short-term obligation as described above under "—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes—Short-Term Debt Instruments."

The Put Premium should not be taxable to a U.S. holder upon its receipt. If the Put Option expires unexercised, the U.S. holder should recognize the total Put Premium received as short-term capital gain at such time.

If the Put Option is exercised and you receive the Reference Fund Unit or Reference Fund Units, a U.S. holder will be deemed to have applied the Deposit principal amount toward the physical settlement of the Put Option. In such case, a U.S. holder generally will not recognize gain or loss with respect to the Put Premium or the Reference Fund Unit or Reference Fund Units received. Instead, a U.S. holder generally will have an aggregate tax basis in the Reference Fund Unit or Reference Fund Units (including any fractional shares) received in an amount equal to the principal amount of the Deposit less the Put Premium received, and, in the event that the U.S. holder receives Reference Fund Units, such basis will be allocated proportionately among the Reference Fund Units (including any fractional shares) received. A U.S. holder's holding period for any Reference Fund Unit or Reference Fund Units received will begin on the day immediately after receipt of the Reference Fund Unit or Reference Fund Units. With respect to any cash received in lieu of a fractional share of a Reference Fund Unit, a U.S. holder will recognize short-term capital gain or loss in an amount equal to the difference between the amount of such cash received and the U.S. holder's tax basis in such fractional Reference Fund Unit (determined in the manner described above).

If the Put Option is exercised and we cash settle the Put Option, a U.S. holder should generally recognize a short-term capital gain or loss equal to (i) the amount of cash received plus the total Put Premium received less (ii) the amount of the Deposit, plus accrued but unpaid acquisition discount or original issue discount on the Deposit.

Upon the cash settlement of a Put Option, a cash method U.S. holder of a short-term obligation that does not elect to accrue original issue discount in income currently will recognize ordinary income equal to the accrued and unpaid original issue discount.

Upon a sale, or other taxable disposition of a Note described in this section for cash, a U.S. holder should allocate the cash received between the Deposit and the Put Option on the basis of their respective values on the date of sale. The U.S. holder should generally recognize gain or loss with respect to the Deposit in an amount equal to the difference between the amount of the sales proceeds allocable to the Deposit (less accrued and unpaid "qualified stated interest" or accrued original issue discount that the U.S. holder has not included in income, which will be treated as ordinary interest income) and the U.S. holder's adjusted tax basis in the Deposit (which will generally equal the initial purchase price of the Note increased by any accrued original issue discount previously included in income on the Deposit and decreased by the amount of any payment (other than an interest payment that is treated as qualified stated interest) received on the Deposit). Such gain or loss should be capital gain or loss and should be long-term capital gain or loss if the U.S. holder has held the Deposit for more than one year at the time of such disposition. The deductibility of capital losses is subject to certain limitations. If the Put Option has a positive value on the date of a sale of a Note, the U.S. holder should recognize short-term capital gain equal to the portion of the sale proceeds allocable to the Put Option plus any previously received Put Premium. If the Put Option has a negative value on the date of sale, the U.S. holder should be treated as having paid the buyer an amount equal to the negative value in order to assume the U.S. holder's rights and obligations under the Put Option. In such a case, the U.S. holder should recognize a short-term capital gain or loss in an amount equal to the difference between the total Put Premium previously received and the amount of the payment deemed made by the U.S. holder with respect to the assumption of the Put Option. The amount of the deemed payment will be added to the sales price allocated to the Deposit in determining the gain or loss in respect of the Deposit. The deductibility of capital losses is subject to certain limitations.

We will not attempt to ascertain whether any Reference Fund or any issuer of any securities owned by any Reference Fund would be treated as a PFIC or United States real property holding corporation ("**USRPHC**"), both as defined for U.S. federal income tax purposes. If any Reference Fund or any issuer of any security owned by any Reference Fund were so treated, certain adverse U.S. federal income tax consequences might apply. You should refer to information filed with the SEC and other authorities by the Reference Fund or Reference Funds and the issuers of securities owned by any Reference Fund, and consult your tax advisor regarding the possible consequences to you if a Reference Fund or one or more issuers of securities owned by a Reference Fund is or becomes a PFIC or a USRPHC.

Although we intend to treat each Note described in this section as consisting of a Deposit and a Put Option, there are no Treasury regulations, published rulings or judicial decisions addressing the characterization of securities with terms that are substantially the same as those of the Notes described in this section, and therefore the Notes could be subject to some other characterization or treatment for U.S. federal income tax purposes. For example, the Notes could be treated as contingent payment debt instruments for U.S. federal income tax purposes. In such a case, in general, U.S. holders should be treated as described above under "—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes—Contingent Payment Debt Instruments."

Other characterizations and treatments of Notes described in this section are possible. Prospective investors in the Notes described in this section should consult their tax advisors as to the tax consequences to them of purchasing Notes described in this section, including any alternative characterizations and treatments.

Certain Notes Treated as Cash-Settled Options. We may treat certain Notes as cash-settled options for U.S. federal income tax purposes. The applicable Pricing Supplement will indicate whether we intend to treat a Note as a cash-settled option for U.S. federal income tax purposes. This section describes the principal U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of a Note that we intend to treat as a cash-settled option.

Upon a sale, exchange, exercise or expiration of a Note, a U.S. holder should be required to recognize taxable gain or loss in an amount equal to the difference between the amount realized upon such sale, exchange, exercise or expiration and the U.S. holder's tax basis in the Note. A U.S. holder's tax basis in a Note generally will equal such U.S. holder's initial investment in the Note. Such gain or loss would generally be treated as long-term capital gain or loss if the Note was held by the U.S. holder for more than one year at the time of such sale, exchange, exercise or expiration. The deductibility of capital loss is subject to certain exceptions.

If the Notes are characterized as cash-settled options for U.S. federal income tax purposes, then Section 1256 of the Code could apply to the Notes. Section 1256 of the Code requires that certain financial contracts, including "non-equity" options and "dealer equity options", be "marked-to-market" on the last business day of a U.S. holder's taxable year. In addition to certain other requirements, for purposes of Section 1256 of the Code, an option will only be treated as a "non-equity" option or a "dealer equity option" if the option is traded on (or subject to the rules of) a qualified board or exchange. Although there is no authority directly addressing the U.S. federal income taxation of instruments with terms identical to the Notes, assuming that the Notes will not be listed on any securities exchange and that it is not expected that a trading market for the Notes will develop, the Notes should not be treated as "non-equity" options or "deal equity options" for purposes of Section 1256 of the Code, and as a result Section 1256 of the Code should not apply to the Notes. Accordingly, a U.S. holder of a Note should not be required to mark a Note to market and should be required to recognize taxable gain or loss with respect to a Note only upon the sale, exchange, exercise or expiration of the Note.

If, however, the Notes are not characterized as cash-settled options for U.S. federal income tax purposes, then the U.S. federal income tax treatment of the purchase, ownership and disposition of the Notes could differ from the treatment discussed above, with the result that the timing and character of income, gain or loss recognized by a U.S. holder with respect to a Note could differ from the timing and character of income, gain or loss recognized with respect to a Note had the Notes been treated as cash-settled options for U.S. federal income tax purposes. In light of the uncertainty concerning the proper U.S. federal income tax characterization of the Notes, prospective investors are urged to consult their own tax advisors as to the proper characterization and treatment of the Notes for U.S. federal income tax purposes.

We will not attempt to ascertain whether any Reference Fund or any issuer of any securities owned by any Reference Fund would be treated as a PFIC or USRPHC, both as defined for U.S. federal income tax purposes. If any Reference Fund or any issuer of any security owned by any Reference Fund were so treated, certain adverse U.S. federal income tax consequences might apply. You should refer to information filed with the SEC and other authorities by the Reference Fund or Reference Funds and the issuers of securities owned by any Reference Fund, and consult your tax advisor regarding the possible consequences to you if a Reference Fund or one or more issuers of securities owned by a Reference Fund is or becomes a PFIC or a USRPHC.

Certain Notes Treated as Forward Contracts or Other Executory Contracts. We may treat certain Notes as a forward contract or other executory contract for U.S. federal income tax purposes. The applicable Pricing Supplement will indicate whether we intend to treat a Note as a forward contract or other executory contract for U.S. federal income tax purposes. This section describes the principal U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of a Note that we intend to treat as a forward contract or other executory contract.

There are no Treasury regulations, published rulings or judicial decisions addressing the treatment for U.S. federal income tax purposes of Notes with terms that are substantially the same as those described in this section. Accordingly, the proper U.S. federal income tax treatment of the Notes described in this section is uncertain. Under one approach, the Notes would be treated as forward contracts or other executory contracts with respect to the Reference Fund Unit or Reference Fund Units. We intend to treat each Note described in this section consistent with this approach, and pursuant to the terms of the Notes, each holder agrees to such treatment for all U.S. federal income tax purposes. Except for the possible alternative treatments described below, the balance of this summary assumes that the Notes described in this section are so treated.

Unless otherwise indicated in the applicable Pricing Supplement, if a Note that is treated as a forward contract or other executory contract provides for current interest payments, we intend to treat that interest as ordinary income at the time it accrues or is received in accordance with the U.S. holder's regular method of accounting for tax purposes.

A U.S. holder's tax basis in a Note described in this section generally will equal the U.S. holder's cost for the Note. Upon receipt of cash upon maturity or redemption and upon the sale, exchange, retirement or other disposition of the Note, a U.S. holder generally will recognize gain or loss equal to the difference between the amount realized at maturity or on the redemption, sale, exchange, retirement or other disposition and the U.S. holder's tax basis in the Note. Subject to the discussion below regarding "constructive ownership transactions," any such gain or loss upon the maturity, redemption, sale, exchange, retirement or other disposition of the Note generally will constitute capital gain or loss, which will be long-term capital gain or loss if the Note was held for more than one year. Long-term capital gain of non-corporate taxpayers may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Despite the foregoing, U.S. holders should be aware that Section 1260 of the Code sets forth rules which are applicable to what it refers to as "constructive ownership transactions." Due to the manner in which it is drafted, the precise applicability of Section 1260 of the Code to any particular transaction is often uncertain. In general, a "constructive ownership transaction" includes a contract under which an investor will receive payment equal to or credit for the future value of any equity interest in a regulated investment company, a real estate investment trust, an S corporation, a partnership, a trust, a common trust fund, a PFIC or a real estate mortgage investment conduit. Under the "constructive ownership" rules, if an investment in the Notes is treated as a "constructive ownership transaction," any long-term capital gain recognized by a U.S. holder in respect of a Note will be recharacterized as ordinary income to the extent such gain exceeds the amount of "net underlying long-term capital gain" (as defined in Section 1260 of the Code) of the U.S. holder determined as if the U.S. holder had acquired the Reference Fund Units on the original issue date of the Note at fair market value and sold such Reference Fund Units at fair market value on the Maturity Date (if the Note was held until the Maturity Date) or on the date of sale or exchange of the Note (if the Note was sold or exchanged prior to the Maturity Date) (the "Excess Gain"). In addition, an interest charge will also apply to any deemed underpayment of tax in respect of any Excess Gain to the extent such gain would have resulted in gross income inclusion for the U.S. holder in taxable years prior to the taxable year of the sale, exchange or maturity of the Note (assuming such income accrued at a constant rate equal to the applicable federal rate as of the date of sale, exchange or maturity of the Note).

Although the matter is not clear, there exists a risk that an investment in the Notes linked to a Reference Fund Unit or Reference Fund Units will be treated as a "constructive ownership transaction." If such treatment applies, it is not entirely clear to what extent any long-term capital gain recognized by a U.S. holder in respect of a Note will be recharacterized as ordinary income. It is possible, for example, that the amount of the Excess Gain (if any) that would be recharacterized as ordinary income in respect of each Note will equal the excess of (i) any long-term capital gain recognized by the U.S. holder in respect of such a Note over (ii) the "net underlying long-term capital gain" such U.S. holder would have had if such U.S. holder had acquired a number of the Reference Fund Units at fair market value on the original issue date of such Note for an amount equal to the "issue price" of the Note and, upon the date of sale, exchange or maturity of the Note, sold such Reference Fund Units at fair market value (which would reflect the percentage increase in the value of the Reference Fund Units over the term of the Note). Accordingly, U.S. holders should consult their tax advisors regarding the potential application of the "constructive ownership" rules.

Although we intend to treat each Note described in this section as a forward contract or other executory contract as described above, there are no Treasury regulations, published rulings or judicial decisions addressing the characterization of securities with terms that are substantially the same as those of the Notes described in this section, and therefore the Notes could be subject to some other characterization or treatment for U.S. federal income tax purposes. For example, the Notes could be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. In this case, in general, U.S. holders should be treated as described above under "—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes—Contingent Payment Debt Instruments."

In addition, certain proposed Treasury regulations require the accrual of income on a current basis for contingent payments made under certain "notional principal contracts." The preamble to the proposed Treasury regulations states that the "wait and see" method of accounting does not properly reflect the economic accrual of income on those contracts, and requires current accrual of income for some contracts already in existence. While the proposed Treasury regulations do not apply to forward contracts, the preamble to the proposed Treasury regulations indicates that similar timing issues exist in the case of pre-paid forward contracts. If the IRS or the U.S. Treasury Department publishes future guidance requiring current economic accrual for contingent payments on pre-paid forward contracts, it is possible that a U.S. holder could be required to accrue income over the term of the Notes described in this section.

In addition, it is possible that the Notes could be treated as representing an ownership interest in the Reference Fund or Reference Funds for U.S. federal income tax purposes, in which case a U.S. holder's U.S. federal income tax treatment could be different than described above.

Other alternative U.S. federal income tax characterizations or treatments of the Notes described in this section are possible, and if applied could also affect the timing and the character of the income or loss with respect to the Notes.

We will not attempt to ascertain whether any Reference Fund or any issuer of any securities owned by any Reference Fund would be treated as a PFIC or USRPHC, both as defined for U.S. federal income tax purposes. If any Reference Fund or any issuer of any security owned by any Reference Fund were so treated, certain adverse U.S. federal income tax consequences might apply. You should refer to information filed with the SEC and other authorities by the Reference Fund or Reference Funds and the issuers of securities owned by any Reference Fund, and consult your tax advisor regarding the possible consequences to you if a Reference Fund or one or more issuers of securities owned by a Reference Fund is or becomes a PFIC or a USRPHC.

Prospective investors in the Notes described in this section should consult their tax advisors as to the tax consequences to them of purchasing the Notes, including any alternative characterizations and treatments.

Tax Return Disclosure Regulations

Pursuant to Treasury regulations (the "**Disclosure Regulations**"), any taxpayer that has participated in a "reportable transaction" and that is required to file a U.S. federal income tax return must generally attach a disclosure statement disclosing such taxpayer's participation in the reportable transaction to the taxpayer's tax return for each taxable year for which the taxpayer participates in the reportable transaction. A penalty in the amount of $10,000 in the case of a natural person and $50,000 in any other case is imposed on any taxpayer that fails to file a reportable transaction disclosure statement. The Disclosure Regulations provide that, in addition to certain other transactions, a "loss transaction" constitutes a "reportable transaction." A "loss transaction" is any transaction resulting in the taxpayer claiming a loss under Section 165 of the Code in an amount equal to or in excess of certain threshold amounts. The Disclosure Regulations specifically provide that a loss resulting from a "Section 988 transaction" (as defined in Section 988(c)(l) of the Code relating to foreign currency transactions) will constitute a Section 165 loss. In the case of individuals or trusts, whether or not the loss flows through from an S corporation or partnership, if the loss arises with respect to a Section 988 transaction, the applicable threshold amount is $50,000 in any single taxable year. Higher threshold amounts apply depending upon the taxpayer's status as a corporation, partnership, or S corporation, as well as certain other factors. It is important to note, however, that the Disclosure Regulations provide that the fact that a transaction is a reportable transaction shall not affect the legal determination of whether the taxpayer's treatment of the transaction is proper. Holders should consult their own tax advisors concerning the potential application of the Disclosure Regulations to the Notes.

Tax Treatment of Non-U.S. Holders

The following discussion assumes that a particular Note will be treated for U.S. federal income tax purposes consistently with the intended treatment of the Note, as described in "—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes", "—U.S. Federal Income Tax Treatment of the Notes Other Than as Indebtedness for U.S. Federal Income Tax Purposes—Certain Notes Treated as a Put Option and a Deposit", "—U.S. Federal Income Tax Treatment of the Notes Other Than as Indebtedness for U.S. Federal Income Tax Purposes—Certain Notes Treated as a Cash-Settled Options" or "—U.S. Federal Income Tax Treatment of the Notes Other Than as Indebtedness for U.S. Federal Income Tax Purposes—Certain Notes Treated as Forward Contracts or Other Executory Contracts". If this assumption proves incorrect, the U.S. federal income tax consequences to the non-U.S. holder with respect to such Note could differ materially from the discussion set forth in this section.

Except as provided below, payments on the Notes to non-U.S. holders will not be subject to U.S. federal withholding tax if the following conditions are satisfied:

- the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- the non-U.S. holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related to us through actual or constructive ownership;
- the non-U.S. holder is not a bank receiving interest on a loan made in the ordinary course of its trade or business;
- interest payable on the Notes is either (a) not determined by reference to any receipts, sales or other cash flow, income or profits, change in the value of any property of, or any dividend or similar payment made by us or a person related to us, within the meaning of Section 871(h)(4)(A) of the Code or (b) determined by reference to changes in the value of actively traded property or an index of the value of actively traded property, within the meaning of Section 871(h)(4)(C)(v) of the Code; and
- the payments are not effectively connected with a trade or business conducted by the non-U.S. holder in the United States and either (a) the non-U.S. holder provides a correct, complete and executed IRS Form W-8BEN or Form W-8IMY (or successor form) with appropriate attachments, or (b) the non-U.S. holder holds its Note through a qualified intermediary (generally a foreign financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS) which has provided an IRS Form W-8IMY and has received documentation upon which it can rely to treat the payment as made to a foreign person.

If any of these conditions are not satisfied, interest (including original issue discount) on the Notes may be subject to a 30% withholding tax, unless an income tax treaty reduces or eliminates the tax or the interest is effectively connected with the conduct of a U.S. trade or business and, in either case, certain certification requirements are met. If such non-U.S. holder is a foreign corporation, it may be subject to an additional branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Notwithstanding the foregoing, we will generally withhold tax at a 30% rate on interest payments paid on Notes that we intend to treat as either (1) forward contract or other executory contract, or (2) consisting of a Put Option and a Deposit, unless such rate is reduced or eliminated by an "other income" or similar provision of an applicable income tax treaty, provided the relevant certification requirements are satisfied. Any interest payments that are effectively connected with a non-U.S. holder's conduct of a trade or business within the United States, are not subject to the withholding tax, provided the relevant certification requirements are satisfied, but instead are subject to U.S. federal income tax, as described below. If such non-U.S. holder is a foreign corporation, it may be subject to an additional branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

In general, gain realized on the sale, exchange, retirement, redemption or other disposition of the Notes by a non-U.S. holder will not be subject to U.S. federal income tax, unless:

- the gain with respect to the Notes is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or

- the non-U.S. holder is a nonresident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

If the gain realized on the sale, exchange, retirement, redemption or other disposition of the Notes by the non-U.S. holder is described in either of the two preceding bullet points, the non-U.S. holder may be subject to U.S. federal income tax with respect to the gain except to the extent that an income tax treaty reduces or eliminates the tax and the appropriate documentation is provided.

Notice 2008-2

In Notice 2008-2, the IRS and the Treasury Department requested comments as to whether the purchaser of an exchange traded note or pre-paid forward contract (which may include a Note that we intend (and you agree) to treat as a forward contract or other executory contract, or as consisting of a Put Option and a Deposit, for U.S. federal income tax purposes) should be required to accrue income during its term under a mark-to-market, accrual or other methodology, whether income and gain on such a Note or contract should be ordinary or capital, and whether foreign holders should be subject to withholding tax on any deemed income accrual. Accordingly, it is possible that Treasury regulations or other guidance could provide that a U.S. holder of such a Note is required to accrue income in respect of the Note prior to the receipt of payments under the Note or its earlier sale. Moreover, it is possible that any such Treasury regulations or other guidance could treat all income and gain of a U.S. holder in respect of a Note as ordinary income (including gain on a sale), or that the Notes should be subject to the special constructive ownership rules of Section 1260 of the Code. Finally, it is possible that a non-U.S. holder of the Note could be subject to U.S. withholding tax in respect of a Note. It is unclear whether any Treasury regulations or other guidance would apply to the Notes (possibly on a retroactive basis). Prospective investors are urged to consult with their tax advisors regarding Notice 2008-2 and the possible effect to them of the issuance of Treasury regulations or other guidance that affects the U.S. federal income tax treatment of the Notes.

Information Reporting and Backup Withholding

Distributions made on the Notes and proceeds from the sale of Notes to or through certain brokers may be subject to a backup withholding tax on “reportable payments” unless, in general, the holder complies with certain procedures or is an exempt recipient. Any amounts so withheld from distributions on the Notes generally will be refunded by the IRS or allowed as a credit against the holder’s U.S. federal income tax, provided the holder makes a timely filing of an appropriate tax return or refund claim.

Reports will be made to the IRS and to holders that are not excepted from the reporting requirements.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN OF THE TAX IMPLICATIONS OF AN INVESTMENT IN NOTES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO INVESTING TO DETERMINE THE TAX IMPLICATIONS OF SUCH INVESTMENT IN LIGHT OF EACH SUCH INVESTOR’S PARTICULAR CIRCUMSTANCES.