

Pricing Supplement dated 30 September 2003

**Zurich Finance (USA), Inc.**  
Issue of €500,000,000 Dated Subordinated Notes  
Guaranteed by **Zurich Insurance Company**  
under the U.S.\$4,000,000,000  
**Euro Medium Term Note Programme**

This document (together with the Schedule) constitutes the Pricing Supplement relating to the issue of Dated Subordinated Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 26 June 2003. This Pricing Supplement, of which the Schedule annexed forms part, must be read in conjunction with such Information Memorandum.

- |    |      |   |  |
|----|------|---|--|
| 1. | (i)  | Issuer:   | Zurich Finance (USA), Inc.                       |
|    | (ii) | Guarantor:  | Zurich Insurance Company                         |
| 2. | (i)  | Series Number:  | 6  |
|    | (ii) | Tranche Number:   | Not applicable                                   |
|    |      | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). | Not applicable                                   |
| 3. |      | Specified Currency or Currencies:   | Euros  |
| 4. |      | Aggregate Nominal Amount:   |  |
|    | (i)  | Series:   | €500,000,000                                     |
|    | (ii) | Tranche   | Not Applicable                                   |
| 5. | (i)  | Issue Price:  | 98.909 per cent. of the Aggregate Nominal Amount |
|    | (ii) | Net proceeds:   | €491,795,000                                     |
| 6. |      | Specified Denominations:  | €1,000<br>€10,000<br>€100,000                    |
| 7. | (i)  | Issue Date:   | 2 October 2003                                   |
|    | (ii) | Interest Commencement Date  | 2 October 2003                                   |
| 8. |      | Maturity Date:  | 2 October 2023                                   |

9.	Interest Basis:	5.750% Fixed Rate up to but not including the first Optional Redemption Date then from (and including) the first Optional Redemption Date, three month EURIBOR plus 2.67% Floating Rate. The provisions of paragraph 2 of the Schedule apply
10.	Redemption Payment Basis:	Redemption at Par
11.	Change of Interest or Redemption/ Payment Basis:	Not Applicable
12.	Put/Call Options:	Issuer Call (further particulars specified below)
13.	(i) Status of the Notes:	The Notes are Dated Subordinated Notes and paragraph 1 of the Schedule applies
	(ii) Status of the Guarantee:	Subordinated
14.	Listing:	Luxembourg
15.	Method of distribution	Syndicated
16.	Bearer/Registered/Reg S/Restricted Notes	Bearer Notes
17.	Guarantee Amount:	€586,336,900

**Provisions relating to interest (if any) payable**

18.	Fixed Rate Note provisions	Applicable
	(i) Fixed Rate of Interest:	The Notes bear interest at 5.75 per cent. per annum payable annually in arrear until but not including the first Optional Redemption Date.
	(ii) Interest Payment Date(s)	2 October in each year until but not including the first Optional Redemption Date, with the first Interest Payment Date being 2 October 2004.
	(iii) Fixed Coupon Amount(s):	€57.50 per €1,000 in Nominal Amount €575.00 per €10,000 in Nominal Amount €5,750.00 per €100,000 in Nominal Amount

(iv)	Broken Amount(s):	Not applicable
(v)	Fixed Day Count Fraction	Actual/Actual (ISMA)
(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
19.	<b>Floating Rate Note provisions</b>	
(i)	Floating Rate of Interest	The Notes will bear interest at three month EURIBOR plus 2.67 per cent. payable quarterly in arrear from (and including) the first Optional Redemption Date.
(ii)	Interest Payment Date(s)	From (and including) the first Optional Redemption Date on 2 October, 2 January, 2 April and 2 July in each year
(iii)	Floating Rate Coupon Amount(s)	Floating Rate of Interest per €1,000 in Nominal Amount
(iv)	Broken Amount(s):	Not Applicable
(v)	Floating Day Count Fraction	Actual/360
(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
20.	<b>Zero Coupon Note Provisions</b>	Not Applicable
21.	<b>Index-Linked Interest Note Provisions</b>	Not Applicable
22.	<b>Dual Currency Note Provisions</b>	Not Applicable

**Provisions Relating to Redemption**

23.	<b>Call Option</b>	Applicable
(i)	Optional Redemption Date(s):	2 October 2013 and each Interest Payment Date thereafter until the Maturity Date, each Capital Redemption Date (as defined in paragraph 4 of the Schedule) and each Tax Redemption Date (as defined in paragraph 5 of the Schedule) is an Optional Redemption Date

(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	On a Capital Redemption Date the Special Redemption Amount, otherwise the Nominal Amount, together, in each case, with any accrued interest and Arrears of Interest as defined in paragraph 2 of the Schedule
(iii)	If redeemable in part:	Not Applicable
	(a) Minimum Redemption Amount:	
	(b) Maximum Redemption Amount:	
(iv)	Notice period (if other than as set out in the Conditions):	Not Applicable
24.	Put Option	Not Applicable
25.	Final Redemption Amount	The Nominal Amount together with any accrued interest and Arrears of Interest as defined in paragraph 2 of the Schedule
26.	Early Redemption Amount	The Final Redemption Amount
	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

**General Provisions Applicable to the Notes**

27.	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice/in the limited circumstances specified in the Permanent Global Note
28.	Payment Business Centre(s) or other special provisions relating to Payment Dates for the purpose of Condition 5(c):	Not Applicable
29.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and	No

dates on which such Talons mature):

- |     |  |   |
|-----|--|---|
| 30. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of ZF(USA) to forfeit the Notes and interest due on late payment: | Not Applicable  |
| 31. | Details relating to Instalment Notes: amounts of each instalment, date on which each payment is to be made:  | Not Applicable  |
| 32. | Redenomination and exchangeability provisions:   | Not Applicable  |
| 33. | Consolidation provisions:  |   |
|     | (i) Listed Swiss Franc Note  | No  |
|     | (ii) Identity of Principal Paying Agent and other Paying Agents  | Citibank, N.A. (as Agent and Calculation Agent), Dexia Banque Internationale à Luxembourg (as Paying Agent) |
| 34. | Relevant Jurisdictions:  | As set out in Condition 6(c)  |
| 35. | Other terms or special conditions:   | As set out in the Schedule  |

**Distribution**

- |     |                                       |  |
|-----|---------------------------------------|--|
| 36. | (i) If syndicated, names of Managers: | Barclays Bank PLC<br>Citigroup Global Markets Limited<br>Credit Suisse First Boston (Europe) Limited<br>Deutsche Bank AG London<br>(as Joint-Lead Managers)<br><br>BNP PARIBAS<br>Dresdner Bank AG London Branch<br>J.P. Morgan Securities Ltd.<br>(as Co-Lead Managers) |
|     | (ii) Stabilising Manager (if any):    | Barclays Bank PLC  |
| 37. | If non-syndicated, name of Dealer:    | Not Applicable   |
| 38. | U.S. Selling Restrictions:            | Reg. S, Category 3; TEFRA D  |

39. Additional Selling Restrictions Not Applicable

**Operational Information**

40. ISIN Code: XS0177601811

41. Common Code: 17760181

42. CUSIP/CINS number: Not Applicable

43. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg approved by ZF(USA), the Trustee and the Agent and the relevant identification number(s): Not Applicable

44. Delivery: Delivery against payment

45. Additional Paying Agent(s) (if any): Not Applicable

46. Rating: Baa2 (Stable) (Moody's)  
A- (Stable) (Standard & Poor's)

**Responsibility**

ZF (USA) and the Guarantor accept responsibility for the information contained in the Pricing Supplement.

*Signed on behalf of Zurich Finance (USA), Inc.*

By ..... By .....  
Duly authorised Duly authorised

*Signed on behalf of Zurich Insurance Company*

By ..... By .....  
Duly authorised Duly authorised

## SCHEDULE

### 1. STATUS OF THE DATED SUBORDINATED NOTES

The Dated Subordinated Notes will constitute direct, subordinated and unsecured obligations of ZF (USA) and will rank *pari passu*, without any preference, among themselves. The Dated Subordinated Notes will rank on a winding-up of ZF (USA):

- (i) after the claims of any Senior Creditors of ZF (USA); and
- (ii) prior to claims of the holders of any subordinated obligations which rank or are expressed to rank junior to the claims of the Noteholders of any Dated Subordinated Notes.

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

For the purpose of this paragraph:

“**Senior Creditors**” means:

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

Subject to applicable law, neither the Trustee nor any holder of the Dated Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by ZF (USA) arising under or in connection with the Dated Subordinated Notes and each such holder of the Dated Subordinated Note shall, by virtue of being the holder of any of the Dated Subordinated Notes, be deemed to have waived all such rights of set-off.

### 2. INTEREST

- (a) *Optional deferral of interest*

There may be paid, on each Optional Interest Payment Date, interest accrued in respect of the Interest Period which ends on such Optional Interest Payment Date but

ZF (USA) shall have the option to defer payment of interest on the Dated Subordinated Notes which would otherwise be payable on such date. The deferral of any interest payment on any Optional Interest Payment Date in accordance with this paragraph 2 will not constitute an Event of Default by ZF (USA) and will not give Noteholders or the Trustee any right to accelerate the Notes or make a demand under the relevant Subordinated ZIC Guarantee. ZF (USA), failing whom, the Guarantor, shall notify the Trustee and the Noteholders, immediately as soon as it becomes aware that an Interest Payment Date will be an Optional Interest Payment Date in respect of which payment is deferred of the amount of such payment otherwise due on that date and the grounds upon which such deferral has been made (the “**Deferral Notice**”). ZF (USA) may defer paying interest on each Optional Interest Payment Date until interest on the Dated Subordinated Notes becomes due and payable as described in sub-paragraph (b).

(b) *Arrears of Interest*

Any interest in respect of the Dated Subordinated Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of this paragraph, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest and any other amount, payment of which is deferred in accordance with this paragraph, shall not themselves bear interest. Any Arrears of Interest and any other amount, payment of which is deferred in accordance with this paragraph, will automatically become immediately due and payable upon the earliest of the following dates:

- (i) the date upon which a dividend is next declared or paid on any class of share capital of Zurich Financial Services; or
- (ii) the date set for redemption pursuant to Condition 6(c) or Condition 6(d); or
- (iii) the commencement of the winding-up or dissolution of ZF (USA) or, as the case may be, the Guarantor (except for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or a reconstruction the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders or as a result of a Permitted Reorganisation);
- (iv) the date upon which any payment of interest is made on a Parity Security; or
- (v) the Maturity Date.

For the purposes of this Schedule:

“**Optional Interest Payment Date**” means any Interest Payment Date if in the immediately preceding twelve calendar months, no dividend has been declared or paid on any class of share capital of Zurich Financial Services; and

“**Parity Security**” means any security issued (whether under the Programme or on a stand alone basis) by ZF (Luxembourg), ZF (USA), ZF (UK), ZIC or any other issuer that may be appointed from time to time under the Programme and which (other than

in the case of an issue by ZIC) has the benefit of a Subordinated ZIC Guarantee (or such other guarantee from the Guarantor) which is expressed to rank or ranks pari passu with or junior to the obligations of the Guarantor under the Subordinated ZIC Guarantee created in connection with the issue of the Dated Subordinated Notes or (in the case of an issue by ZIC) which rank pari passu with or junior to its obligations under such Subordinated ZIC Guarantee.

(c) *Tax Treatment*

Certain terms of the Dated Subordinated Notes, for example the change in the interest rate from a fixed to a floating rate on the Optional Redemption Date if such change reduces the yield on the Dated Subordinated Notes as well as the Issuer's option to defer interest, may result in the Dated Subordinated Notes being considered to be issued with original issue discount for U.S. tax purposes. See "Certain U.S. Federal Income Tax Consequences" in the Information Memorandum dated 26 June 2003 for a discussion of the U.S. tax effect of holding notes with original issue discount.

**3. EVENTS OF DEFAULT**

(a) *Events of Default for Dated Subordinated Notes issued by ZF (USA)*

Condition 9(a) shall not apply to the Dated Subordinated Notes. The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in nominal amount of the Dated Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (but, in each case, subject to the Trustee having been indemnified and/or secured to its satisfaction), give notice to ZF (USA) and the Guarantor that the Dated Subordinated Notes are immediately due and repayable if any of the following events shall have occurred and be continuing:

- (i) subject to the provisions of paragraph 2, there is a failure by ZF (USA) or Guarantor to pay principal or interest on any of the Dated Subordinated Notes when due and such failure continues for a period of fourteen days; or
- (ii) a resolution is passed or an order of a court of competent jurisdiction is made that ZF (USA) or the Guarantor be wound up or dissolved otherwise than for the purpose of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders or as a result of a Permitted Reorganisation.

(b) *Proceedings for Winding-up*

If the Dated Subordinated Notes become due and repayable (whether pursuant to subparagraph (a), Condition 6(c) or 6(d) or otherwise) and are not paid when so due and repayable, the Trustee may at its discretion institute proceedings for the winding-up of ZF (USA) but may take no further action to enforce the obligations of ZF (USA) for payment of any principal or interest (including Arrears of Interest, if any) in respect of the Dated Subordinated Notes.

If the Guarantor fails to pay to the Trustee (pursuant to the relevant Subordinated ZIC Guarantee and the Trust Deed) an amount claimed under the relevant Subordinated ZIC Guarantee, the Trustee may at its discretion institute proceedings for the winding-up of the Guarantor but may take no further action to enforce the obligations of the Guarantor under the relevant Subordinated ZIC Guarantee.

No payment in respect of the Dated Subordinated Notes may be made by ZF (USA) pursuant to sub-paragraph (a), nor will the Trustee accept the same, otherwise than during or after a winding-up of ZF (USA).

(c) *Enforcement*

Without prejudice to paragraph (a) or (b) above (including, for the avoidance of doubt, the Trustee's right to make a demand under the relevant Subordinated ZIC Guarantee), the Trustee may at its discretion and without further notice institute such proceedings against ZF (USA) or, as the case may be, the Guarantor as it may think fit to enforce any obligation, condition or provision binding on ZF (USA) or, as the case may be, the Guarantor under the Trust Deed, the Dated Subordinated Notes or the Coupons (other than any obligation for the payment of any principal or interest in respect of the Dated Subordinated Notes or the Coupons) provided that ZF (USA) and the Guarantor shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(d) *Right of Noteholders*

No Noteholder or Couponholder shall be entitled to proceed directly against ZF (USA) or, as the case may be, the Guarantor or to prove in the winding-up of ZF (USA) or, as the case may be, the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders or Couponholder shall have only such rights against ZF (USA) or, as the case may be, the Guarantor as those which the Trustee is entitled to exercise. Any such proceedings brought by any Noteholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder or Couponholder indemnifying the Trustee to its satisfaction.

(e) *Extent of Noteholders' remedy*

No remedy against ZF (USA) or the Guarantor other than as referred to in this paragraph 4, shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Dated Subordinated Notes or under the Trust Deed or in respect of any breach by ZF (USA) of any of its other obligations under or in respect of the Dated Subordinated Notes or under the Trust Deed.

For the purposes of this Schedule:

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

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

#### **4. REDEMPTION FOLLOWING A CAPITAL DISQUALIFICATION EVENT**

If a Capital Disqualification Event has occurred, the Issuer may, at its option, having given not less than 30 nor more than 60 days’ notice to the Trustee and the Agent and in accordance with Condition 13 (any such specified date being a **“Capital Redemption Date”**), redeem the Dated Subordinated Notes in whole, but not in part, at any time at the higher of (aa) the Special Redemption Amount, or (bb) their principal amount, together, in each case, with interest accrued to, but excluding, the date of repayment and all Arrears of Interest.

For the purposes of this Schedule:

**“Adjusted Yield”** means (a) the Bond Yield plus (b) 0.75 per cent;

**“Bond Yield”** means the rate per annum, determined by the Calculation Bank as at or about 11.00 am (London time) on the Calculation Date, equal to the annual yield to maturity of the Comparable Bond Issue, assuming a price for the Comparable Bond Issue equal to the Comparable Bond Price rounded to four decimal places (0.00005 being rounded upwards);

**“Calculation Bank”** means the Calculation Agent. or such investment bank as may be appointed from time to time as Calculation Bank by the Issuer with the prior written approval of the Trustee;

**“Calculation Date”** means the third Business Day on which the TARGET system is operating prior to the Special Redemption Date;

a **“Capital Disqualification Event”** is deemed to have occurred if solvency calculations are required by a Relevant Supervisory Authority pursuant to any of the Relevant Rules: (aa) at the level of any member of the Group; or (bb) in respect of the Group as a whole or a part thereof, in any such case in circumstances where the proceeds of the issue of the Notes are relevant to such calculations (or would be relevant but for the occurrence of a Capital Disqualification Event) and either:

- (i) under any of the Relevant Rules or the application or official interpretation thereof, at the time, all or any part of the net proceeds of the issue of the Notes would not be capable of counting as Cover for the solvency or solvency margin of any relevant member of the Group, the Group as a whole or any relevant part thereof (as the case may be); or
- (ii) as a result of any change to any of the Relevant Rules or the application or official interpretation thereof, all or any part of the net proceeds of the issue of the Notes would not be capable of counting as Cover for the solvency margin of any relevant member of the Group, the Group as a whole or any relevant part thereof (as the case may be);

**“Comparable Bond Issue”** means the 3.75 per cent. German Bundesobligationen due 4 July 2013 or, if such security is no longer in issue, such other German Bundesobligationen with a maturity as near as possible to 4 July 2013 on the Calculation Date as the Calculation Bank may, with the advice of the Reference Dealers, determine to be appropriate by way of substitution for the 3.75 per cent. German Bundesobligationen due 4 July 2013;

**“Comparable Bond Price”** means the average as determined by the Calculation Bank, of the bid and ask prices for the Comparable Bond Issue (expressed as a percentage of its principal amount, and rounded to four decimal places (0.00005 being rounded upwards)), quoted in writing to the Calculation Bank by three Reference Dealers at or about 11.00 a.m. (London time) on the Calculation Date;

**“Cover”** means the recognition by the Relevant Supervisory Authority in accordance with the Relevant Rules that the net proceeds of issue of the Notes count as equity or other cover for the purposes of calculating any solvency or solvency margin, including, but not limited to, in the context of the Relevant Rules applied by the Swiss Federal Office of Private Insurance (**“FOPI”**) being recognized as admissible equity (**“Anrechenbares Eigenkapital”**);

**“Group”** means Zurich Financial Services (or, if different, the ultimate holding company of ZIC) and its subsidiaries for the time being;

**“Reference Dealer”** means any credit institution or financial services institution that regularly deals in bond and other debt securities which is selected by the Calculation Bank after consultation with the Issuer;

**“Relevant Rules”** means any legislation, rules or regulation (whether having the force of law or otherwise) pertaining to the definition or calculation of the solvency or the solvency margin (in the context of Swiss Relevant Rules “Solvabilitätsspanne”) or the eligibility of certain types of capital of an entity subject to such rules to cover such solvency or solvency margin (in the context of Swiss Relevant Rules “anrechenbares Eigenkapital”), as the same may from time to time be fully or partially amended or superseded by any law, ordinance or decree issued by the Relevant Supervisory Authority or other form of regulation in any such case affecting any member of the Group, the Group as a whole or any part thereof. Relevant Rules shall include, but not be limited to, in Switzerland in the context of the Group the decree regarding the consolidated supervision of the Group issued by FOPI on 23 April 2001, and in England Directive 98/78/EC of the European Union as amended or superseded from time to time or any other directive referred to (directly or indirectly) therein (the **“Directive”**) or any legislation or rules or regulation implementing the Directive;

**“Relevant Supervisory Authority”** means any supervisory authority having jurisdiction over any member of the Group, the Group as a whole or any part thereof. For the time being, the Relevant Supervisory Authority is (i) FOPI in regard to the Group as well as any member of the Group doing business in Switzerland, and (ii) the Financial Services Authority (**“FSA”**) in regard to insurance companies and insurance holding companies operating in the United Kingdom;

**“Reset Date”** means 2 October 2013;

**“Special Redemption Amount”** means an amount as determined by the Calculation Bank at or about 11.00 a.m. (London time) on the Calculation Date, equal to the present value of 100 per cent. of the liquidation amount of the Dated Subordinated Notes (being €1,000 in respect of each Dated Subordinated Note of €1,000 denomination, €10,000 in respect of each Dated Subordinated Note of €10,000 denomination and €100,000 in respect of each Dated Subordinated Note of €100,000 denomination) together with the present value of the scheduled interest payments accrued for the remaining period to the Reset Date (assuming that no interest is or has been deferred). The present values shall be calculated by discounting the relevant amounts on an annual basis at the Adjusted Yield; and

**“Special Redemption Date”** means a Capital Redemption Date that occurs on or before the Reset Date.

## **5. REDEMPTION OF THE NOTES FOR TAX REASONS**

If at any time a Tax Event occurs, the effect of which cannot be avoided by the Issuer or the relevant affiliate of the Issuer affected by such Tax Event taking reasonable measures available to it, then the Dated Subordinated Notes may at any time be redeemed, in whole but not in part, at the option of the Issuer and having given not less than 30 nor more than 60 days’ notice to the Trustee and the Agent and in accordance with Condition 13 (any such specified date being a **“Tax Redemption Date”**). Prior to the publication of any notice of redemption pursuant to the foregoing, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and an opinion of counsel to the Issuer experienced in such matters to the effect that a Tax Event has

occurred (and specifying which of sub-paragraphs (a) or (b) as set out in the definition of “ Tax Event” is applicable).

For the purposes of this Schedule:

a “**Tax Event**” shall be deemed to have occurred if:

- (a) in respect of the net proceeds of the issue of the Dated Subordinated Notes, the relevant affiliate of the Issuer would be required by law to make a deduction or withholding from payments of interest to the Issuer thereon; and
- (b) the relevant affiliate of the Issuer would not be entitled to claim a deduction in respect of such payments in computing its US Federal/State taxation liabilities (and/or the value to it of the deduction would be materially reduced).