

BASE PROSPECTUS

RENAISSANCE SECURITIES TRADING LIMITED
(INCORPORATED WITH LIMITED LIABILITY IN BERMUDA)

WARRANT AND CERTIFICATE PROGRAMME
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED
BY

RENAISSANCE CAPITAL HOLDINGS LIMITED
(INCORPORATED WITH LIMITED LIABILITY IN BERMUDA)

Renaissance Securities Trading Limited (the "**Issuer**") has established a programme (the "**Programme**") under which it may from time to time issue warrants ("**Warrants**") or certificates ("**Certificates**" and, together with the Warrants, "**Securities**") of any kind including, but not limited to, Securities relating to a specified index or a basket of indices ("**Index Securities**"), a specified share or a basket of shares ("**Share Securities**"), a specified debt instrument or a basket of debt instruments ("**Debt Securities**"), a specified currency or a basket of currencies ("**Currency Securities**") or a specified commodity or a basket of commodities ("**Commodity Securities**") or any combination of the above. Securities issued by the Issuer will have the benefit of the guarantee (the "**Guarantee**") of Renaissance Capital Holdings Limited as guarantor (in such capacity, the "**Guarantor**").

Each issue of Securities will entitle the holder thereof (on due exercise and subject, where appropriate, to certification as to non-U.S. beneficial ownership) either to receive a cash amount (if any) calculated in accordance with the relevant terms or to receive physical delivery of the underlying assets against payment of a specified sum, all as set forth herein and in the applicable Final Terms or Prospectus.

Application has been made to the Irish Financial Services Regulatory Authority ("**IFSRA**") as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**") for this Base Prospectus to be approved. Application will be made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for Securities issued under the Programme to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of Directive 93/22/EEC of the European Parliament and of the Council of 10 May 1993 on investment services in the securities field. For each issue of Securities to be listed and admitted to trading on the regulated market of the Irish Stock Exchange, Final Terms or a Prospectus will be filed with and, if required, approved by IFSRA in its capacity as competent authority in Ireland as required by the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (the "**Irish Prospectus Regulations**") on or before the date of admission to listing and trading on the regulated market of the Irish Stock Exchange of such issue of Securities. Securities may be listed and admitted to trading on such other regulated market or further stock exchanges as may be agreed between the Issuer and the dealers, and may also be unlisted.

Any approval granted by IFSRA shall only relate to Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area.

Neither the Securities nor the Guarantee have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Securities or the Guarantee are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. No U.S. person (as defined in Regulation S under the Securities Act) may at any time purchase, trade or maintain a position in the Securities.

Arranger and Dealer

Renaissance Securities (Cyprus) Limited

The date of this Base Prospectus is August 31, 2006.

The Securities constitute general unsecured contractual obligations of the Issuer. The performance of the Issuer's obligations in respect of Securities will be unconditionally and irrevocably guaranteed by the Guarantor.

On or about the issue date of each series of Securities, one global Security (a "**Global Security**") will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

In this Base Prospectus (as supplemented from time to time, the "**Base Prospectus**"), references to the "**Group**" are to Renaissance Capital Holdings Limited and its direct and indirect subsidiaries (which include the Issuer).

The Issuer and the Guarantor (together the "Responsible Persons") accept full responsibility for the accuracy of the information contained in this Base Prospectus. To the best of the knowledge and belief of the Responsible Persons (which have taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus must be read in conjunction with all documents deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" on page 13) and shall, except as stated in this Base Prospectus, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

No Dealer has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by any Dealer as to the accuracy or completeness at any time of this Base Prospectus or any supplement hereto. Accordingly, investors are advised to make their own enquiries in respect of such information and are responsible for making their own assessment of the relative merits and risks of an investment in the Securities.

No person is authorised to give any information or to make any representations other than those contained in this document in connection with the offering or sale of the Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer. None of this Base Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by the Issuer, the Guarantor or any Dealer that any recipient of this Base Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Securities should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantor and the Group. None of this Base Prospectus, any supplement, any other financial statements or any further information supplied in connection with the Securities constitutes an offer or invitation by or on behalf of any of the Issuer, the Guarantor or any Dealer to any person to subscribe for, or to purchase, any of the Securities.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer, the Guarantor or the Group is correct at any time subsequent to the date hereof or that any supplement, any other financial statements or any further information supplied in connection with the Securities is correct as of any time subsequent to the date indicated in the document containing the same. Each Dealer expressly does not undertake to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the Programme. Investors should review, inter alia, the most recent consolidated financial statements published by the Guarantor when deciding whether or not to purchase any of the Securities.

The distribution of this Base Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. None of the Issuer, the Guarantor or any Dealer represents that this Base Prospectus may be lawfully distributed, or that the Securities may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or any Dealer which would permit a public offering of the Securities or distribution of this Base Prospectus, any supplement, any offering material or any Final Terms or Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and none of this Base Prospectus, any supplement, any advertisement or any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and each Dealer is required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Base Prospectus comes must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the United States, the United Kingdom, Bermuda and the European Economic Area. See “*Subscription and Sale*” herein.

The Securities create options exercisable by the relevant holder. There is no obligation upon any holder to exercise its Security nor, in the absence of such exercise, any obligation on the Issuer or the Guarantor to pay any amount or deliver any asset to any holder of a Security. The Securities will be exercisable in the manner set forth herein and in the applicable Final Terms or Prospectus. Upon exercise, the holder of a Security may be required to certify (in accordance with the provisions outlined in “*Terms and Conditions of the Securities*” below) that it is not a U.S. person or a person who has purchased such Security for resale to U.S. persons nor is it acting on behalf of a U.S. person. Securities may be issued to one or more Dealers on a syndicated basis.

The Securities of each issue may be sold by the Issuer and/or any Dealer at such times and at such prices as the Issuer and/or such Dealer may select. There is no obligation on the Issuer or any Dealer to sell all of the Securities of any issue. The Securities of each issue may be offered or sold from time to time in one or more transactions, in the over-the-counter market at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. No representation or warranty or other assurance is given as to the number of Securities of any issue issued or outstanding at any time.

NEITHER THE SECURITIES NOR THE GUARANTEE HAVE BEEN, OR WILL BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933. SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, all references to “dollars”, “US\$” and “\$” are to the currency of the United States of America, references to “pounds”, “sterling” and “£” are to the currency of the United Kingdom, “RUB” and “rouble” are to the currency of the Russian Federation and references to “euro”, “EUR” and “€” are to the single currency of participating Member States of the European Union.

This Base Prospectus will, subject to its being filed with and approved by IFSRA in accordance with the requirements of the Irish Prospectus Regulations and/or the Prospectus Directive, comprise a Base Prospectus for the purposes of such legislation.

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DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the Guarantor's (i) audited consolidated financial statements for the year ended 31 December 2005 (together with the audit report thereon) and (ii) audited consolidated financial statements for the year ended 31 December 2004 (together with the audit report thereon) and which have been previously published or are published simultaneously with this Base Prospectus and which have been filed with the Irish Stock Exchange. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained herein or in a document incorporated by reference herein shall be modified or superseded for purposes of this Base Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated by reference herein modifies or supersedes such statement. Any such statement modified or superseded shall not, except as so modified or superseded, constitute a part of the Base Prospectus.

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of the Securities. Copies of the documents incorporated by reference in this Base Prospectus will be available free of charge at the offices of JPMorgan Chase Bank, N.A. at Trinity Tower, 9 Thomas More Street, London E1W 1YT and of JP Morgan Bank (Ireland) plc., J.P. Morgan House, International Financial Services Centre, Dublin 1, Ireland. Any person receiving a copy of this Base Prospectus may obtain, without charge, upon written or oral request, a copy of any document incorporated by reference herein, except for the exhibits to such documents (unless such exhibits are specifically incorporated by reference).

SUMMARY

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Securities should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of Directive 2003/71/EC (the “**Prospectus Directive**”) in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Summary of the Issuer and Guarantor

The Issuer, Renaissance Securities Trading Limited, is an exempted limited liability company incorporated in Bermuda on 2 February 1998 under the Companies Act 1981 of Bermuda, as amended. Its business comprises fixed income securities trading and structured product sales with non-Russian counterparties. The Issuer is an indirect wholly-owned subsidiary of the Guarantor.

Group Structure and Principal Activities

Renaissance Capital Holdings Limited (the “**Guarantor**”, the “**Company**” or “**RCHL**”) is a private limited liability company incorporated in Bermuda, and is the ultimate parent for a group of companies incorporated in Bermuda, the United Kingdom, the United States of America, the Republic of Cyprus, the Netherlands, the Russian Federation, Ukraine and British Virgin Islands (collectively, the “**Group**” or “**Renaissance**”).

The Group is an integrated financial services company and its primary businesses include sales and trading of Russian equity and fixed income securities, investment banking services including advisory, M&A and asset management and investment advisory services.

The Group's main offices are located in Moscow, London, New York, Nicosia (in the Republic of Cyprus) and Kiev (Ukraine). The Group structure consists of various operating subsidiaries and intermediate holding companies.

The detailed description of principal operating subsidiaries of the Group is presented in “*Description of the Group and the Guarantor*” of this Base Prospectus.

Principal Activities

The Group is organized into the following business units:

Equity Product Group

The Group has a leading equity sales and trading franchise, activities of which include executing clients' orders, market making activities and taking limited positions for the Group's own account. Trading on behalf of clients usually requires the Group to hold a position in a security for a short period of time. Client portfolios are segregated from the Group's positions and are separately managed, with any transactions between the portfolios occurring at market prices.

The Group is ranked number 1 in equity ADR trading volume on the London Stock Exchange's ("LSE") International Order Book (after inter-broker dealers) and accounted for 24% of the Russian Trading System ("RTS") volume. Total trading volumes increased 44% during 2004.

The Equity Product Group also maintains a full equity sales and trading business in the Ukraine which achieved No. 1 ranking in trading volumes in 2005.

Within the Equity Product Group is an Equity Finance Group which provides prime brokerage services for international and local clients (leverage, stock borrowing, and custody). Equity Finance also provides clients with innovative structured products including equity linked synthetic products (total return swaps, participation notes, equity baskets, other instruments giving execution cost savings, increased leverage) as well as complex derivative products (RTS Futures/Options, hedging solutions, OTC options, listed options, long/short instruments, convertibles).

The Group's equity research team has been ranked number 1 in Institutional Investor's All Russia Research Team for the years 2003, 2004, and 2005. In the most recent Institutional Investors, the Group won first place in 9 of 11 categories.

Debt Product Group

The Debt Product Group led the development of the domestic bond market in Russia. Debt advisory and structured products activities include assisting customers in bond placement and trading, and developing structured transactions, whereby the Group receives fees and commissions for services rendered. Together with the Investment Banking Group, the Debt Product Group participates in placing and distribution of domestic bonds for Russian and CIS companies. In the domestic rouble bond market, the Group holds a leading position in both primary and secondary trading. The group completed the largest ever bond placement for Gazprom (RUB 10 billion) and a record low yield bond for Lukoil in 2004. Volume in trading of debt instruments increased 68% in 2004.

Investment Banking Group

The Investment Banking Group has raised over US\$12 billion in financing for clients since its inception. Investment banking activities include advice and assistance to clients involved in acquisitions, mergers, and reorganizations, including restructuring of assets and liabilities, and arranging transaction financing. On primary equity transactions, the Investment Banking Group coordinates closely with a dedicated Capital Markets team that has been created as a joint venture between the Investment Banking Group and Equity Product Group.

The Group advises domestic and international blue chip clients on both local and cross border transactions. Recent M&A transactions include an advisory role to Gold Fields in relation to Harmony Gold's US\$8.1 billion hostile bid. The team also led the sale of KMB Bank for US\$120 million to Banca Intesa. Renaissance was the exclusive advisor on the sale of 25% plus 1 share in Svyazinvest, the national landline holding company.

Since its inception, the investment banking team has completed over 50 mergers and acquisitions transactions for clients. The Capital Markets team is engaged in both domestic and international primary and secondary debt and equity placements and has considerable experience in Russian IPOs and secondary offerings. The Group was recently Joint Bookrunner on Evraz Group's landmark US\$442 million IPO on the LSE, and is currently engaged as bookrunner in a number of IPOs transactions timetabled to be launched in 2006.

Asset Management Group

The Asset Management Group's activities include managing investments of individuals, corporations and institutional investors in the form of individual accounts, as an investment manager of open and closed investment funds and through the provision of private banking services. Assets under management at June 30, 2005 totalled US\$663.2 million which included US\$374.3 million of Discretionary Managed Accounts ('DMAs') which grew 40% compared to December 31, 2004. Management expects continued growth in assets under management for the balance of 2005. The group also manages large pension funds for some of the largest Russian corporations including Gazprom and Transneft.

Ratings

RCHL is regularly reviewed by the rating agencies Fitch Ratings and Standard and Poor's and was upgraded by both during their last reviews. The Group is currently rated BB- by Fitch and B by Standard and Poor's. Both agencies cite the Group's improved operating environment, risk management practices, diversification of revenues and improved capitalization in rationalizing the upgrades. Both Fitch Ratings and Standard and Poor's rate the group with a 'stable' outlook.

The Group's client base is becoming increasingly diversified. Over 60% of current clients are western institutions. Both the proportion of non-local clientele and client quality are increasing as Russia continues to attract more creditworthy investors. These include bulge bracket investment banks, investment advisors, high net worth individuals, pension funds and offshore funds. Local Russian clients remain a diverse mix of high net worth individuals, banking institutions, funds and corporates.

Summary of Terms and Conditions of the Securities

The following summary does not purport to be complete and is qualified in its entirety by the full text of this document and, in relation to the terms and conditions of any particular issue of Securities, the Final Terms or Prospectus relating thereto. Terms not defined in this summary are defined elsewhere herein.

Issuer:	Renaissance Securities Trading Limited.
Guarantor:	Renaissance Capital Holdings Limited.
Arranger:	Renaissance Securities (Cyprus) Limited.
Dealer:	Renaissance Securities (Cyprus) Limited (together with any other dealers appointed from time to time pursuant to the Dealer Agreement, the " Dealers ").
Principal Security Agent:	JPMorgan Chase Bank, N.A. or such other agent as is specified in the relevant Final Terms or Prospectus.
Irish Security Agent:	J.P. Morgan Bank (Ireland) plc.
Calculation Agent:	Renaissance Securities (Cyprus) Limited or any other person appointed as calculation agent in respect of an issue of Securities, as specified in the applicable Final Terms or Prospectus.
Irish Listing Agent:	J.P. Morgan Bank (Ireland) plc.
Status of the Securities:	The Securities are direct, unconditional, unsubordinated and unsecured general obligations of the Issuer. The obligations evidenced by the Securities rank and will rank <i>pari passu</i> among themselves and equally with all other unsecured and unsubordinated

indebtedness of the Issuer from time to time outstanding.

Status of the Guarantee:	The obligations of the Guarantor under the Guarantee, save for such exceptions as may be provided by applicable legislation or judicial order, are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank pari passu with its other present and future unsecured and unsubordinated contractual obligations.
Type of Securities:	The Issuer may from time to time issue warrants (“ Warrants ”) or certificates (“ Certificates ”) and, together with the Warrants, “ Securities ”) of any kind including, but not limited to, Securities relating to a specified index or a basket of indices (“ Index Securities ”), a specified share or a basket of shares (“ Share Securities ”), a specified debt instrument or a basket of debt instruments (“ Debt Securities ”), a specified currency or a basket of currencies (“ Currency Securities ”) or a specified commodity or a basket of commodities (“ Commodity Securities ”) or any combination of the above.
Issue Price of Securities:	The Securities will be issued with such Issue Price as may be agreed between the Issuer and the relevant Dealer.
Terms for Securities:	<p>Where the terms of the Securities include provisions dealing with the occurrence of a Market Disruption Event on a Valuation Date and the Issuer determines that (i) in relation to Securities which are Share Securities or Index Securities, such Valuation Date is a Disrupted Day or (ii) in relation to Securities other than Share Securities or Index Securities, a Market Disruption Event has occurred or exists on such Valuation Date there may be a consequential postponement of the Valuation Date or any alternative provisions for valuation.</p> <p>In relation to Index Securities, if an Index Adjustment Event occurs, the Issuer may (i) require the Calculation Agent to either (A) determine the relevant Cash Settlement Amount by reference to the level for such Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (B) substitute the Index with a replacement index and determine the adjustments, if any, to be made to account for such substitution or (ii) may cancel the Securities as more fully set out under the “<i>Terms and Conditions of the Securities</i>”.</p> <p>In relation to Share Securities, if a Potential Adjustment Event and/or De-listing and/or Insolvency and/or Merger Event and/or Nationalisation and/or Tender Offer occur, the Securities will be subject to adjustment or may be cancelled in the event of certain corporate events occurring in respect of the Share Companies(s) or Basket Companies specified in the applicable Final Terms or Prospectus and as more fully set out under “<i>Terms and Conditions of the Securities</i>”.</p>
Warrant Exercise Style:	The applicable Final Terms or Prospectus will indicate whether the relevant Warrants will be exercisable on any Business Day during a

specified period (American Style Warrants), on a specific date (European Style Warrants) or on such other date or dates as may be agreed between the Issuer and the relevant Dealer and specified in the applicable Final Terms or Prospectus.

Warrants with multiple Exercise Dates may also be issued under the Programme. Provisions relating to such multiple Exercise Dates will be specified in the applicable Final Terms or Prospectus.

The applicable Final Terms or Prospectus will indicate whether or not the relevant Warrants are exercisable by the relevant Holder or will be exercised automatically. There is no obligation upon the Issuer to pay any amount or deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Warrant is automatically exercised and an Exercise Notice is duly delivered.

Minimum or Maximum Exercise Number of Warrants Exercisable:

The number of Warrants exercisable on any Actual Exercise Date (in relation to American Style Warrants) or the Exercise Date (in relation to European Style Warrants) or, in the case of Automatic Exercise, the number of Warrants held by any Holder on any Actual Exercise Date (in relation to American Style Warrants) or the Exercise Date (in relation to European Style Warrants), must not be less than the Minimum Exercise Number specified in the applicable Final Terms or Prospectus or an integral multiple of such number. Any Exercise Notice purporting to exercise Warrants in breach of this provision will be void and of no effect.

In relation to American Style Warrants, if the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the Quota), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date.

Certificate Settlement Notice:

In order to obtain payment of the Cash Settlement Amount or delivery of the Entitlement in respect of any Certificate, the Holder must deliver a duly completed settlement notice.

Settlement Amount:

The Cash Settlement Amount payable or the Entitlement deliverable on exercise of Securities will be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or to such other factors as the Issuer and the relevant Dealer agree.

Settlement:

The Securities may be settled by way of cash payment (Cash Settled Securities) and/or physical delivery (Physical Delivery Securities).

Variation of Settlement:

If, following the exercise of Physical Delivery Warrants or Physical Delivery Certificates, in the sole opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or Prospectus is not practicable by reason of an event beyond the control of the Issuer or the Guarantor as a result of which the Issuer or the Guarantor cannot in its sole opinion make delivery of the relevant Entitlement(s) using the method specified in the applicable Final Terms or Prospectus (a “**Settlement Disruption Event**”) having occurred and continuing on any Settlement Date, then such Settlement Date shall be postponed to the first following Business Day in respect of which there is no such Settlement Disruption Event. For so long as the Calculation Agent is of the opinion that delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then *in lieu* of physical settlement and notwithstanding any other provisions hereof, the Issuer may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Securities by payment to the relevant Holder of the fair market value of such Securities, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Exercise Price (if applicable) on the third Business Day following the date that notice of such election.

Illegality:

If the Issuer or the Guarantor determines that the performance of its obligations under the terms of an issue of Securities or the Guarantee or that any arrangement made to hedge the Issuer's position under the Securities has become illegal in whole or in part for any reason, the Issuer may cancel the Securities and, to the extent permitted by applicable law, pay an amount to each Holder in respect of each Security equal to the fair market value of a Security, less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price.

Settlement Disruption:

In the case of Physical Delivery Securities, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement.

If, in relation to Physical Delivery Index Securities or Share Securities, “Failure to Deliver” is specified as applying in the applicable Final Terms and, following exercise of such Securities, it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets or Substitute Assets, as the case may be, where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the Issuer has the right to pay the Failure to Deliver Settlement Price, *in lieu* of delivering some or all of such Relevant Assets or Substitute Assets, as the case may be, which are affected by such illiquidity.

Expenses and Taxation:

A holder of Securities shall pay all Exercise Expenses relating to

such Securities.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Securities by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Listing:

Application has been made to list Securities to be issued under the Programme on the Irish Stock Exchange. The Securities may also be listed on such other or further stock exchange(s) as may be determined by the Issuer. Unlisted Securities may also be issued. The Final Terms or Prospectus relating to each issue will state whether or not and, if so, on what stock exchange(s), the Securities are to be listed.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of offering material in the United States, the United Kingdom and certain other jurisdictions, see "*Subscription and Sale*" below.

Governing Law:

English law.

RISK FACTORS

RISK FACTORS RELATING TO THE ISSUER, THE GUARANTOR AND THE GROUP

Terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Securities”.

The Group's financial performance is affected by general economic conditions.

Risks arising from changes in credit quality and the recoverability of amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the general deterioration in global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions.

Changes in interest rates, foreign exchange rates, equity prices and other market factors affect the Group's business.

The most significant market risks which the Group faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and affect earnings reported by the Group and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. The Group has implemented risk management methods to mitigate and control these and other market risks to which the Group is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.

Operational risks are inherent in the Group's businesses.

The Group's businesses are dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and rules, equipment failures, natural disasters or the failure of external systems, for example, those of the Group's suppliers or counterparties, lack of immediately available consolidated financial and operating information, or lack of a robust, well-integrated IT system. In addition, credit risk assessment is difficult for the Group due to the unpredictability of economic conditions in Russia and abroad and lack of reliable information in Russia about potential borrowers, particularly small businesses and individuals. The Group attempts to reduce credit risk by conducting thorough investigations of prospective borrowers. In addition, it requires its clients regularly to disclose their financial information. However, such investigation and financial information may not always present a complete and comparable picture of each client's economic condition.

Although the Group has implemented risk controls and loss mitigation actions, as well as credit risk determination procedures, and substantial resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling each of the operational risks faced by the Group, in which case this may have a material adverse effect on the Group's business, financial condition or results of operations.

Group's measures to prevent money laundering may not be completely effective.

The existence of "black" and "grey" market economies in Russia, the presence of organised crime in the economy, loopholes in legislation and lack of administrative guidance on its interpretation increase the risk of Russian financial institutions being used as vehicles for money laundering.

The Group has implemented measures aimed at preventing it from being used as a vehicle for money laundering. However, there can be no assurance that these measures will be completely effective. If the Group is associated with money laundering, its reputation and financial performance may be adversely affected.

Group may be unable to recruit or retain experienced and/or qualified personnel.

The Group's continuing success depends, in part, on its ability to continue to attract, retain and motivate qualified and experienced personnel. Competition in the Russian financial services industry for personnel with relevant expertise is intense, due to the relatively small number of available qualified individuals. To recruit qualified and experienced employees and to minimise the possibility of their departure for other financial institutions, the Group provides compensation packages consistent with evolving standards of the Russian labour market, as well as internal training opportunities. The Group's failure to recruit and retain necessary personnel or manage its personnel successfully could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Each of the Group's businesses is subject to substantial regulation and regulatory oversight. Any significant regulatory developments could have an effect on how the Group conducts its business and on the results of operations.

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates. This supervision and regulation if changed could materially affect the Group's business, the products and services it offers or the value of its assets.

Future growth in the Group's earnings and shareholder value depends on strategic decisions regarding organic growth and potential acquisitions.

The Group devotes substantial management and planning resources to the development of strategic plans for organic growth and identification of possible acquisitions, supported by substantial expenditure to generate growth in customer business. If these strategic plans do not meet with success, the Group's earnings could grow more slowly or decline.

Holding company structure – the Guarantor is dependent on its subsidiaries for dividends and other payments to service the Guarantee which will be structurally subordinated to the Creditors of its subsidiaries.

The ability of the Guarantor's subsidiaries to make dividends and other payments to the Guarantor will depend on their cashflows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors". Furthermore, any subsidiary may be limited or prohibited in making dividends in either payment, by applicable law or under contract. Consequently, the amounts the Guarantor receives from its subsidiaries may not be sufficient to meet a claim under the Guarantee.

Risks Associated with Emerging Markets

Investors in emerging markets such as the Russian Federation and other CIS countries should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant political, economic and legal risks. Investors should also note that emerging economies such as that of the Russian Federation are subject to rapid change and that the information set out in this Base Prospectus (or in any Final Terms or Prospectus) may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisors before making an investment in the Securities.

Official Statistics

Official statistics and other data published by state authorities of the Russian Federation or any CIS country may not be as complete or reliable as those of more developed countries. Official statistics and other data may also be produced on different bases than those used in more developed countries. Specifically, investors should be aware that certain statistical information and other data contained in any Final Terms or Prospectus may have been extracted from official governmental sources in the Russian Federation or other CIS country and were not prepared in connection with the preparation of such Final Terms or Prospectus. The Issuer and the Guarantor only accept responsibility for the correct extraction and reproduction of such information.

Fluctuations in the Global Economy

The Russian Federation's economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In addition, because the Russian Federation is a major producer and exporter of oil, gas, metal and agricultural products, the Russian economy is especially vulnerable to world commodity prices and/or the imposition of import tariffs by the United States, the European Union or by other major export markets. Any such developments may have negative effects on the economy and thus on the business of the Group.

Uncertain Implications of the Tax System

Generally, taxes payable by Russian companies are substantial and numerous. These taxes include, among others:

- income taxes;
- value-added tax, or VAT;
- excise taxes and import duties;
- unified social tax; and
- property tax.

The tax environment in Russia has historically been complicated by the fact that various authorities have often issued contradictory pieces of tax legislation. For example, tax laws are unclear with respect to the deductibility of certain expenses and at times we have taken a position that may be considered aggressive by tax authorities, but that we consider to be in compliance with current law. This uncertainty potentially exposes the Group's operations in the Russian Federation to significant fines and penalties and enforcement measures

despite our best efforts at compliance, and could result in a greater than expected tax burden and the suspension or termination of our telecommunications licenses.

Because of the political changes which have occurred in Russia over the past several years, there have recently been significant changes to the Russian taxation system. Global tax reforms commenced in 1999 with the introduction of Part One of the Tax Code of the Russian Federation, or the Tax Code, which sets general taxation guidelines. Since then, Russia has been in the process of replacing legislation regulating the application of major taxes such as corporate income tax, VAT and property tax with new chapters of the Tax Code.

In practice, the Russian tax authorities often interpret the tax laws in a way that rarely favours taxpayers, who often have to resort to court proceedings to defend their position against the tax authorities. Differing interpretations of tax regulations exist both among and within government ministries and organizations at the federal, regional and local levels, creating uncertainties and inconsistent enforcement. Tax declarations, together with related documentation such as customs declarations, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Generally, taxpayers are subject to inspection for a period of three calendar years of their activities which immediately preceded the year in which the audit is carried out. As previous audits do not exclude subsequent claims relating to the audited period, the statute of limitations is not entirely effective. In addition, in some instances, new tax regulations have been given retroactive effect.

The foregoing conditions create tax risks in Russia that are more significant than typically found in countries with more developed tax systems, imposing additional burdens and costs on our operations, including management resources. In addition to our substantial tax burden, these risks and uncertainties complicate our tax planning and related business decisions, potentially exposing us to significant fines and penalties and enforcement measures despite our best efforts at compliance, and could materially adversely affect the Group's business and the value of the Issuer's securities.

Economic Risks Related to the Russian Federation

Since the dissolution of the Soviet Union, the Russian and Ukrainian economies have at various times experienced, *inter alia*:

- significant declines in gross domestic product;
- hyperinflation;
- an unstable currency;
- high government debt relative to gross domestic product;
- a weak banking system providing limited liquidity to domestic enterprises;
- high levels of loss-making enterprises that continued to operate due to the lack of effective bankruptcy proceedings;
- significant use of barter transactions and illiquid promissory notes to settle commercial transactions;
- widespread tax evasion;
- growth of "black" and "grey" market economies;

- high levels of capital flight;
- corruption and extensive penetration of organised crime into the economy;
- significant increases in unemployment and underemployment; and
- high poverty levels amongst the general population.

The Russian and Ukrainian economies have been subject to abrupt downturns. Recently the Russian and Ukrainian economies have experienced positive trends such as the increase in gross domestic product, relatively stable national currencies, strong domestic demand, rising real wages and a reduced rate of inflation. However, there can be no assurance that the recent positive trends will continue or will not be abruptly reversed. Moreover, the recent fluctuations in international oil and natural gas prices, the strengthening of the rouble in real terms relative to the U.S. dollar and the consequences of a relaxation in monetary policy and other factors may adversely affect Russia's economy and the Group's business in the future.

Developing Legal System

Russia and Ukraine are still developing the legal framework required by a market economy. The recent nature of much of Russian and Ukrainian legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the Russian and Ukrainian legal system in ways that may not always coincide with market developments place the enforceability and underlying constitutionality of laws in doubt and results in ambiguities, inconsistencies and anomalies. In addition, Russian and Ukrainian legislation often leaves substantial gaps in the regulatory infrastructure. Amongst the risks of the current Russian and Ukrainian legal system are:

- inconsistencies amongst (1) federal laws, (2) decrees, orders and regulations issued by the President, the Government, federal ministries and regulatory authorities and (3) regional and local laws, rules and regulations;
- limited judicial and administrative guidance on interpreting domestic legislation;
- the relative inexperience of judges in interpreting domestic legislation;
- substantial gaps in the regulatory structure due to delay or absence of implementing legislation;
- a high degree of discretion on the part of governmental authorities; and
- bankruptcy procedures that are not well developed and are subject to abuse.

All of these weaknesses could affect the Group's ability to enforce its rights under contracts, or to defend against claims by others.

Uncertainties Relating to the Judicial System

The system of general and specialised courts is understaffed and underfunded. Judicial precedents under Russian and Ukrainian law have no binding effect on subsequent decisions. Not all Russian and Ukrainian legislation is readily available to the public or organised in a manner that facilitates understanding. Court decisions are not open to public access and, therefore, may not serve as guidelines in interpreting applicable Russian and Ukrainian legislation to the public at large. Moreover, courts themselves are not bound by earlier decisions taken under the same or similar circumstances, which results in the inconsistent application of

Russian and Ukrainian legislation to resolve the same or similar disputes. The Russian and Ukrainian juridical system became more complicated and hierarchical as a result of the recently introduced judicial reform. The expected result of the judicial reform is that the Russian and Ukrainian judicial system will become even slower than before. All of these factors make judicial decisions in the Russian and Ukrainian Federation difficult to predict and effective redress uncertain. In addition, court claims are often used in furtherance of political aims. The Group may be subject to such claims and may not be able to receive a fair hearing.

Enforcement of court orders and judgments can in practice be very difficult in the Russian Federation or Ukraine. Often, enforcement procedures are very time-consuming and may fail for a variety of reasons, including the defendant lacking sufficient bank account funds, the complexity of auction procedures for the sale of the defendant's property or the defendant undergoing bankruptcy proceedings.

Any uncertainties relating to the judicial system could have a negative effect on the economy and thus on the business of the Group.

Risk Factors Relating To Securities

Terms not otherwise defined below have the meaning set out in the Conditions.

The Securities may be derivative securities where the value of the underlying Index, Share, Debt Security or Commodity may adversely impact on the value of the Securities

The Securities involve a high degree of risk, which may include, amongst others, interest rate, foreign exchange, time value and/or political risks. Prospective purchasers of Securities should recognise that their Securities, other than any Securities having a minimum expiration or redemption value which is subject to Issuer creditworthiness, may expire worthless. Purchasers should be aware that they may sustain a total loss of the purchase price of their Securities, except, if so indicated in the Final Terms, to the extent of any minimum expiration or redemption value attributable to such Securities. This risk reflects the nature of Warrants in particular as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "Certain Factors Affecting the Value and Trading Price of Warrants" below. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investments.

This risk of the loss of some or all of the purchase price of a Security upon expiration means that, in order to recover and realise a return upon his/her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant reference security, index, currency, commodity or other basis which may be specified in the applicable Final Terms. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrants prior to the Exercise Date in relation to such Warrants is to sell it at its then market price in an available secondary market. See "Possible Illiquidity of the Secondary Market" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Securities. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Securities. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Securities. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument, may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Securities. Fluctuations in the value of the relevant currency or basket of currencies will affect the value of Currency Securities. Purchasers of Securities risk losing their entire

investment if the value of the relevant underlying basis of reference does not move in the anticipated direction (except to the extent of any minimum expiration or redemption value).

Prospective purchasers of Securities should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Securities in light of their particular financial circumstances and investment objectives, the information set forth herein and the information regarding the relevant Securities and the particular reference security, index, currency or commodity or other basis of reference to which the value of the relevant Securities may relate, as specified in the applicable Final Terms.

Certain Factors Affecting the Value and Trading Price of Warrants

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price (the “**Physical Settlement Value**”) (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, a “time value” for the Warrants. The “time value” of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference security, index, currency, commodity or other basis of reference as specified in the applicable Final Terms. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value.

The interim value of the Warrants varies with the price level of the reference security, index, currency, commodity or other basis of reference as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Limitations on Exercise

If so indicated in the Final Terms, the Issuer will have the option to limit the number of Warrants exercisable on any date to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Holder may not be able to exercise on such date all Warrants that such holder desires to exercise. Warrants to be exercised on such date will be selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum Exercise Amount

If so indicated in the Final Terms, a Holder must tender a specified number of Warrants at any one time in order to exercise. Thus, Holders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. There can be no assurance that a Holder will be able to purchase any additional Warrants: see “Possible Illiquidity of the Secondary Market” below. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Securities and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in a reference security, index, currency, commodity or other basis of reference which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the value of the reference security, index, currency, commodity or other basis which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with movements of the reference security, index, currency, commodity or other basis which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index or basket.

Option to Vary Settlement

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of a series of Securities, the Issuer may vary the settlement in respect of such Securities. If the Issuer has such an option, at its sole and unfettered discretion it may elect not to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but in lieu thereof, to deliver or procure delivery of the Entitlement or to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Holders. Where the Guarantee is called upon, the Guarantor may elect, in lieu of delivery of the Entitlement to the relevant Holders, to pay the Protected Cash Settlement Amount.

Market Disruption Event

The Calculation Agent may determine that a Market Disruption Event has occurred or exists in relation to an issue of Securities. Such a determination may have an adverse effect on the value of such Securities.

Settlement Disruption Event

In the case of Physical Delivery Securities, the Calculation Agent may determine that a Settlement Disruption Event has occurred or exists where, in the opinion of the Calculation Agent, as a result of the occurrence of an event beyond the control of the Issuer, the Issuer cannot make delivery of the Entitlement using the method specified in the applicable Final Terms. Such a determination may have an adverse effect on the value of the relevant Securities.

Time Lag After Exercise and Settlement

Unless otherwise specified in the Final Terms, in the case of any exercise of Warrants, there will be a time lag between the time a Holder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency in the case of Currency Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and, in the case of Cash Settled Warrants, may result in such Cash Settlement Amount being zero.

On exercise of Physical Delivery Securities, there will be a time lag between the time a Holder gives instructions to exercise or redeem and the time the applicable Entitlement is delivered. Any such delay between the time of exercise or redemption and such delivery will be specified in the applicable Final Terms or the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of

Securities arising from any daily maximum exercise limitation (in the case of Warrants) or upon due determination by the Calculation Agent that a Settlement Disruption Event occurred at any relevant time. The applicable Physical Settlement Value could increase or decrease from what would otherwise have been but for such delay.

In addition, if an Exercise Notice (as defined below) is received by Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Security Agent (as defined below), after 10.00 a.m., Brussels or Luxembourg time (as appropriate) it will not be deemed to be duly delivered until the next following Business Day. Any resultant delay may, as above, increase or decrease the Cash Settlement Amount or the Physical Settlement Value from what it would otherwise have been but for such delay. In the case of European Style Warrants, such Exercise Notice shall be void unless the applicable Final Terms provide for an alternative exercise procedure or the Issuer, in its sole discretion and with no obligation, agrees otherwise. The failure to deliver any required certifications with respect to collection of the Cash Settlement Amount or Entitlement could result in the loss or inability to receive such Cash Settlement Amount or Entitlement.

Illegality

If an Issuer or the Guarantor determines that its performance under any Securities or the Guarantee has become unlawful in whole or in part for any reason, such Issuer may cancel such Securities and, if permitted by applicable law, pay the holder of each such Security an amount determined by such Issuer to be its fair market value notwithstanding such illegality less the cost to such Issuer of unwinding any underlying related hedging arrangements plus, if already paid and if applicable, the Exercise Price.

Possible Illiquidity of the Secondary Market

It is not possible to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. If any Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. To the extent that the secondary market in an issue of Securities becomes illiquid, an investor may have to exercise such Securities to realise value.

Calculation Agent

Because, if so specified in the applicable Final Terms, the Calculation Agent may be the Issuer or one of its affiliates, potential conflicts of interest may exist between the Calculation Agent and the Holders, including with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions, which may influence the amount receivable upon exercise of the Securities.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may, subject to compliance with all applicable laws, regulations and directives, from time to time issue Securities, subject as set out herein. A summary of the Programme and the Conditions appears as set out under "*Summary of Terms and Conditions of the Securities*". The applicable terms of any Securities will be agreed by the Issuer prior to the issue of the Securities and will be set out in the Conditions endorsed on, or incorporated by reference into, the Securities, as modified and supplemented by the applicable Final Terms or Prospectus with respect to each series of Securities attached to, or endorsed on, such Securities, as more fully described under "*Terms and Conditions of the Securities*". Each such Final Terms or Prospectus will, in the case of a series of Securities which are to be listed on the Irish Stock Exchange, be delivered to the Irish Stock Exchange on or before the date of issue of such Securities.

PRO FORMA FINAL TERMS

Set out below is a pro forma Final Terms which, subject to completion and amendment, will be issued in respect of issues of Securities under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms or Prospectus.

Final Terms dated []

RENAISSANCE SECURITIES TRADING LIMITED

[Number of Warrants/Certificates] [Call/Put] [Warrant/Certificate] on [Underlying Reference]

Guaranteed by

Renaissance Capital Holdings Limited

Warrant and Certificate Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 31 August 2006 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms or Prospectus.]

- | | | | |
|----|--------|--------------------------|------------------------|
| 1. | [(i)] | Issuer: | [] |
| | [(ii)] | Guarantor: | [] |
| 2. | [(i)] | [Warrants/Certificates]: | [] |
| | [(ii)] | Series Number: | [] |

[(iii) Tranche Number: *(If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible).*]

3. Specified Currency or Currencies: []
4. Type of Security:
- (i) Index Security: []
 - (ii) Share Security: []
 - (iii) Debt Security: []
 - (iv) Currency Security: []
 - (v) Commodity Security: []
 - (vi) Other Security: []
5. Issue Price: []
6. Number: []. The [Warrants/Certificates] may be offered from time to time at negotiated prices other than the Issue Price and which may vary at any one time between different purchasers.
7. (i) Issue Date: [Number of Warrants/Certificates]
- (ii) Trade Date: []

WARRANT EXERCISE

8. (i) American, European Style or other: [American/European/Other]
- (ii) Automatic Exercise: []
9. (i) Minimum Exercise Number: []
- (ii) Maximum Exercise Number: []
- (iii) Units: []
- [(iv) Certificate Exercise Rights: []]
10. Minimum Trading Size: []
11. Exercise Price: [] per [Warrant/Unit] which may be subject to adjustment in the case of Share Warrants.
12. Call or Put: [Call/Put]

SETTLEMENT AND REDEMPTION

13. Exercise Date(s): []
14. Exercise Period: [] [*American Exercise only*]
15. Expiration Date: [] [*European Exercise only*]
16. (i) Settlement Date: []
- (ii) Settlement Business Day: []
- (iii) Redemption Date: []
17. Cash/Physically Settled: []
18. Issuer's Option to vary Settlement: []
19. Cash Settlement Amount: []
20. Settlement Currency: []
21. Guaranteed Cash Settlement Amount: []
22. Settlement Price: []
23. Exchange Rate: []
24. Business Day Centre(s): []
25. Multiplier: []
26. Relevant Asset(s): []
27. Method of Delivery of Entitlement: []
28. [Evident of Entitlement: []]
29. Schedule Trading Day: []
30. Valuation Date: []
31. [Market Disruption: []]
32. Relevant Time: []

ADJUSTMENTS AND SECURITIES SPECIFIC PROVISIONS

33. **Index Securities:**
- (i) Index or Indices: []
- (ii) Exchange: []
- (iii) Related Exchange: []
- (iv) Index Sponsor: []

- (v) Consequence of Index Adjustment Event (for the purposes of Condition 14(a)(ii)): []
- (a) Index Modification: []
- (b) Index Calculation: []
- (c) Index Disruption: []

[SHARE SECURITIES

- 34. Exchange: []
- 35. Related Exchange: []
- 36. [Method of Adjustment: [Calculation Agent Adjustment/Options Exchange Adjustment].
- 37. [Options Exchange: []]
- 38. Additional adjustments relating to Relevant Assets listed, quoted or compiled on a stock exchange: []
- 39. [Additional adjustments relating to Fund Securities: []]
- 40. Adjustments for other Relevant Assets: []
- 41. Additional Termination Events: []
- 42. Consequences of Merger Event:
 - (i) Share-for-Share: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment / Alternative Obligation / Cancellation and Payment / Options Exchange Adjustment / Component Adjustment / Other Adjustment *[specify]*]
 - (ii) Share-for-Other: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment / Alternative Obligation / Cancellation and Payment / Options Exchange Adjustment / Component Adjustment / Other Adjustment *[specify]*]
 - (iii) Share-for-Combined: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment / Alternative Obligation / Cancellation and Payment / Options Exchange Adjustment / Component Adjustment / Other Adjustment *[specify]*]
- 43. Consequences of Tender Offer:
 - (i) Share-for-Share: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment /

Cancellation and Payment / Options Exchange Adjustment / Component Adjustment].

(ii) Share-for-Other: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment / Cancellation and Payment / Options Exchange Adjustment / Component Adjustment].

(iii) Share-for-Combined: [Calculation Agent Adjustment / Modified Calculation Agent Adjustment / Cancellation and Payment / Options Exchange Adjustment / Component Adjustment].

44. Additional Disruption Events:

(i) Change in Law: []

Relevant date: []

(ii) Failure to Deliver: []

(iii) Insolvency Filing: []

(iv) Hedge Disruption: []

(v) Increased cost of Hedging: []

(vi) Loss of Stock Borrow: []

DEBT SECURITIES:

45. Nominal Amount: []

46. Relevant Screen Page: []

47. Provisions for calculations: []

CURRENCY SECURITIES:

48. Relevant Screen Page: []

49. Base Currency: []

50. Subject Currency: []

COMMODITY SECURITIES:

51. Provisions for calculations: []

MISCELLANEOUS

52. Relevant Clearing System: [Euroclear / Clearstream / *specify Alternative Clearing System*]

53. Alternative Clearing System: [Specify]/[None]
54. Additional principal financial centre: [Not Applicable/other]
55. Purchase and Sale and Transfer Restrictions: [Not Applicable/other]
56. Date of resolution of Board of Directors of the Issuer approving the issue of the [Warrants/Certificates]: []
57. Commission/Concession: []

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

58. Form of Securities: [Permanent Global Security exchangeable for Definitive Securities [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
59. Other final terms: [Not Applicable/Applicable *give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

60. (i) If syndicated, names and addresses of the Managers and underwriting commitments: [Not applicable/give names, addresses and underwriting commitments]
- (ii) Date of Syndication Agreement: []
- (iii) Stabilising Manager (if any): []
61. If non-syndicated, name and address of Dealer: []
62. Total commission and concession: [] per cent. of Aggregate Nominal Amount [include all payments to dealers, underwriters and financial intermediaries involved in an offer or placing, notwithstanding name given to the payment]
63. Selling restrictions:
- (i) [UK / US / Bermuda] Selling Restrictions: [Applicable]
- (ii) Additional Selling Restrictions: [Not Applicable: *give details*]
64. Estimate of total expenses related to admission to trading: []

[LISTING APPLICATION

These Final Terms comprise the Final Terms required for the Securities described herein to be admitted to trading on the Irish Stock Exchange’s regulated market pursuant to the Warrant and Certificate Programme of Renaissance Securities Trading Limited.]

Interests in the Securities may be held through Euroclear and Clearstream, Luxembourg indirectly through institutions which are participants in Euroclear and Clearstream, Luxembourg.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their participants and the investors.

RESPONSIBILITY

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these Final Terms or Prospectus. [[●] has been extracted from [●]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer and the Guarantor:

By:.....

Duly authorised

PART B - OTHER INFORMATION

1. LISTING

- (i) Listing: [Ireland/other (specify)/None]
- (ii) Admission to Trading: Application has been made for the Securities to be admitted to trading on [] with effect from []
[Not applicable].

2. [NOTIFICATION

The Irish Stock Exchange has provided the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest.

If applicable you may include the following statement:

“Save as discussed in [•], so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer.”]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reason for the offer []
(See “Use of proceeds” wording in Base Prospectus. If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses: []
[Include breakdown of expenses.]

5. Index, Equity, Commodity, Currency or Debt Security or formula-linked Securities only – performance of relevant Index, Equity, Commodity, Currency or Debt Security or other underlying, explanation of effect on value of investment and associated risks and other information concerning the underlying.

- (i) Settlement or delivery date: []
- (ii) Initial reference price of underlying (and []

date of such price):

- (iii) Final reference price of underlying: []
- (iv) Price source for present and further information on the underlying (such [screen page/website and any hyperlink contained therein] is for information purposes only and is not incorporated by reference into these Final Terms or the Base Prospectus: []
- (v) Price source for present and further information on the underlying: []

Need to include details of where past and further performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

6. OPERATIONAL INFORMATION

- ISIN Code: []
- Common Code: []
- [Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):] [Not Applicable/give name(s) and number(s)]
- Delivery: Delivery [against/free of] payment
- Names and addresses of additional Security Agent(s) (if any): []

7. REPRESENTATIONS OF HOLDERS OF SECURITIES

By purchasing the Securities, each Holder represents and agrees that:

- (a) it has sufficient knowledge and experience and has taken such professional advice and has independently obtained such information as it thinks necessary to make its own evaluation of the merits and risks involved in purchasing the Securities and in making an investment of this type;
- (b) [it understands that the Cash Settlement Amount [other – specify] will be dependent upon the performance of the [Shares] [Index(ices)] [other – specify] (as defined in the Schedule attached hereto), which contains substantial risks;]

- (c) it understands and agrees that the Issue Price may include an amount related to hedging arrangements entered into by the Issuer and one of its affiliates and the Securities may be re-sold in the future at prices which may be greater or less than such price;
- (d) it understands that since the entity acting as Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between such affiliate in its capacity as the Calculation Agent, on the one hand, and the Holders of Securities on the other;
- (e) it acknowledges that, in acting hereunder, the Calculation Agent is acting as agent of the Issuer and such entity shall not thereby assume any obligations towards or relationship of agency or trust for or with the Holders of Securities;
- (f) [it understands and acknowledges that a [structuring] [underwriting] fee [has been] [is being] paid to [a third party] [the Managers] [other – specify] in relation to the issue of the Securities.] [Full details of this fee will be disclosed to the Holder upon request;] and
- (g) [[any other relevant representations]].

TERMS AND CONDITIONS OF THE SECURITIES

The following are the Terms and Conditions of the Securities which will be incorporated by reference into each Global Security and will be attached to (or endorsed on, subject to completion or amendment) each Definitive Security. The applicable Final Terms or Prospectus in relation to any issue of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Securities. The applicable Final Terms or Prospectus or the relevant provisions thereof will be incorporated by reference in each Global Security and endorsed on each Definitive Security. Reference should be made to "Pro Forma Final Terms" above for a description of the content of the Final Terms or Prospectus which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Securities.

The Warrants (the "**Warrants**") or certificates (the "**Certificates**") of this series (such Warrants or Certificates being hereinafter referred to as the "**Securities**") are constituted by a permanent global security (the "**Global Security**") and are issued pursuant to a Security Agreement dated 31 August, 2006, as amended and/or supplemented and/or restated from time to time, the "**Security Agreement**") between Renaissance Securities Trading Limited as issuer (the "**Issuer**"), Renaissance Capital Holdings Limited as guarantor (the "**Guarantor**"), JPMorgan Chase Bank, N.A., London Branch as principal security agent (the "**Principal Security Agent**", which expression shall include any successor Principal Security Agent), Renaissance Securities (Cyprus) Limited as calculation agent (the "**Calculation Agent**", which expression shall include any successor Calculation Agent specified in the applicable Final Terms) and J.P. Morgan Bank (Ireland) plc as Irish security agent (the "**Irish Security Agent**", which expression shall include any successor Irish security agent). As used herein, references to the "**Security Agents**" mean the Principal Security Agent, the Irish Security Agent and any additional or successor security agent from time to time appointed in respect of the Securities and, each a "**Security Agent**".

No Securities in definitive form will be issued. Each Global Security has been deposited with a depository (the "**Common Depository**") common to Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

The applicable Final Terms or Prospectus for the Securities is attached to the Global Security and supplements these Terms and Conditions and may specify other Terms and Conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Securities. References herein to the "**applicable Final Terms or Prospectus**" are to the Final Terms or Prospectus or any additional Final Terms or Prospectus (in the case of any further securities issued pursuant to Condition 17 and forming a single series with the Securities) attached to the Global Security.

Copies of the Security Agreement (which contains the form of the Final Terms or Prospectus) and the applicable Final Terms or Prospectus are available for inspection at the specified office of each Security Agent and, in the case of Securities listed on the Irish Stock Exchange, are obtainable from the specified office of the Irish Security Agent, save that if the Securities are unlisted, the applicable Final Terms or Prospectus will only be available for inspection by a holder of Securities and such holder of Securities must produce evidence satisfactory to the relevant Security Agent as to identity.

Words and expressions defined in the Security Agreement or used in the applicable Final Terms or Prospectus shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The holders of the Securities (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Security Agreement (insofar as they relate to the Securities) and the applicable Final Terms or Prospectus, which are binding on them.

1. TYPE, TITLE AND TRANSFER

(A) Type

The Securities are Warrants or Certificates and are Index Securities, Share Securities, Debt Securities, Currency Securities, Commodity Securities or any other or further type of securities as is specified in the applicable Final Terms or Prospectus. Certain terms which will, unless otherwise varied in the applicable Final Terms or Prospectus, apply to Index Securities, Share Securities, Debt Securities, Currency Securities or Commodity Securities are set out in Condition 20.

The applicable Final Terms or Prospectus will indicate whether the settlement shall be by way of cash payment in respect of the Warrants ("**Cash Settled Warrants**") or the Certificates ("**Cash Settled Certificates**") or physical delivery ("**Physical Delivery Warrants**" and "**Physical Delivery Certificates**" respectively).

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Warrants or Cash Settled Certificates shall be deemed to include references to Physical Delivery Warrants or Physical Delivery Certificates, as the case may be, which include an option (as set out in the applicable Final Terms or Prospectus) at the Issuer's election to request cash settlement of such Securities and where settlement is to be by way of cash, and references in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Warrants or Physical Delivery Certificates shall be deemed to include references to Cash Settled Warrants or Cash Settled Certificates which include an option (as set out in the applicable Final Terms or Prospectus) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Securities and where settlement is to be by way of physical delivery.

Securities may allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms or Prospectus as long as such settlement is legally permissible. Those Securities where the holder has elected for cash payment will be Cash Settled Securities and those Securities where the holder has elected for physical delivery will be Physical Delivery Securities. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Final Terms or Prospectus and as long as such settlement is legally permissible.

The applicable Final Terms or Prospectus will indicate whether the Warrants are American style Warrants ("**American Style Warrants**") or European style Warrants ("**European Style Warrants**") or such other type as may be specified in the applicable Final Terms or Prospectus and whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**") or such other type as may be specified in the applicable Final Terms or Prospectus and whether the Warrants may only be exercised in Units. If Units are specified in the applicable Final Terms or Prospectus, Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

(B) Title to Securities

Each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular amount of Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be

treated by the Issuer, the Guarantor and each Security Agent as the holder of such amount of Securities for all purposes.

The expressions “**Holder**”, “**holder of Securities**”, “**holder of Warrants**”, and “**holder of Certificates**” and related expressions shall be construed accordingly.

(C) **Transfers of Securities**

Securities, or interests therein, may not at any time be offered, sold, resold, traded or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and any offer, sale, resale, trade or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

All transactions (including transfers of Securities) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. Title will pass upon registration of the transfer in the books of either Euroclear or Clearstream, Luxembourg, as the case may be. Transfers of Securities may not be effected after the exercise of such Securities pursuant to Condition 6. Subject to the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, there are no restrictions on the minimum number of Securities that may be transferred at any time.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (as indicated in the applicable Final Terms or Prospectus) approved by the Issuer from time to time and notified to the Holders of Securities in accordance with Condition 17.

2. **STATUS**

The Securities are direct, unconditional, unsubordinated and unsecured general obligations of the Issuer. The obligations evidenced by the Securities rank and will rank *pari passu* among themselves and equally with all other unsecured and unsubordinated indebtedness of the Issuer from time to time outstanding.

The obligations of the Guarantor under the Guarantee (as defined below), save for such exceptions as may be provided by applicable legislation or judicial order, are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank *pari passu* with its other present and future unsecured and unsubordinated contractual obligations.

3. **GUARANTEE**

Subject as provided below, the Guarantor unconditionally and irrevocably guarantees the obligations of the Issuer with respect to physical delivery (if applicable) and/or the payment of amounts payable by the Issuer under the Global Security, the Securities and the Security Agreement. Its obligations with respect to any issue of Securities will be contained in a guarantee (the “**Guarantee**”) executed by the Guarantor on 31 August 2006. The terms of the Guarantee will provide that, in the case of Physical Delivery Warrants or Physical Delivery Certificates, notwithstanding that the Issuer either (i) had the right to vary settlement in respect of such Physical Delivery Warrants or Physical Delivery Certificates in accordance with Condition 10(D) and exercised such right or failed to exercise such right or (ii) had no such right to vary settlement in respect of such Physical Delivery Warrants or Physical Delivery Certificates in accordance with Condition 10(D), the Guarantor will have the right at its sole and unfettered discretion to elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Warrants or Physical Delivery Certificates, but *in lieu* thereof, to make payment of an

amount equal to the guaranteed cash settlement amount calculated pursuant to the terms of the applicable Final Terms or Prospectus (“**Guaranteed Cash Settlement Amount**”). Any payment of the Guaranteed Cash Settlement Amount shall constitute a complete discharge of the Guarantor’s obligations in respect of such Physical Delivery Warrants or Physical Delivery Certificates.

In the event of the failure of the Issuer promptly to make either any payment due to any Holder under the terms of the Securities or to perform any obligation with respect to physical delivery due to any Holder under the terms of the Securities, such Holder may make a demand on the Guarantor under the Guarantee by giving written notice of such demand to the Guarantor and to the Principal Security Agent at the address provided for the receipt of written notices set out in Clause 12 of the Security Agreement.

4. **DEFINITIONS**

For the purposes of these Terms and Conditions, the following general definitions will apply:

“**Actual Exercise Date**” means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 7(A)(ii), the date during the Exercise Period on which the Warrant is actually or is deemed exercised (in the case of American Style Warrants (as more fully set out in Condition 5(A)(i));

“**Business Day**” means (i) a day (other than a Saturday or Sunday) on which banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Euroclear and Clearstream, Luxembourg are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“**Cash Settled Securities**” means Securities (whether Cash Settled Warrants or Cash Settled Certificates) which are settled by way of a cash payment;

“**Cash Settlement Amount**” means, in relation to Cash Settled Securities, the amount that the Holder is entitled to receive in the Settlement Currency in relation to each such Warrant or, if Units are specified in the applicable Final Terms or Prospectus, each Unit, or Certificates as the case may be, as determined by the Calculation Agent pursuant to Condition 10;

“**Certificate Settlement Notice Period**” shall mean the period during which a Certificate Settlement Notice is required to be delivered, as specified in the applicable Final Terms or Prospectus;

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

“**Early Closure**” means:

- (a) in respect of Index Securities and in relation to an Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such relevant Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; and

- (b) in respect of Share Securities and in relation to a Share, the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

“Entitlement” means, in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms or Prospectus, each Unit or a Physical Delivery Certificate, as the case may be, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Settlement Date or the Redemption Date, as the case may be, in respect of each such Warrant, Unit or Certificate, as the case may be, following payment of the Exercise Price (if applicable) (and any other sums payable), rounded down as provided in Condition 10, as determined by the Calculation Agent, including any documents evidencing such Entitlement;

“Exchange” means:

- (a) in respect of Index Securities and in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms or Prospectus, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Securities and in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms or Prospectus, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

“Exchange Business Day” means any Scheduled Trading Day on which the Exchange(s) and any Related Exchange (as defined below) are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

“Exchange Disruption” means:

- (a) in respect of Index Securities and in relation to an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for securities that comprise 20 per cent. or more of the level of the Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares or the relevant Index on any relevant Related Exchange; and
- (b) in respect of Share Securities and in relation to a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on any relevant Exchange(s), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange;

“Extraordinary Dividend” means, in respect of the Shares, an amount specified or otherwise determined as provided in the applicable Final Terms or Prospectus. If no Extraordinary Dividend is specified in or otherwise determined as provided in the applicable Final Terms or Prospectus, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent;

“Extraordinary Event” means a Merger Event, Tender Offer, Index Adjustment Event, Nationalisation, Insolvency, Delisting or any additional disruption event specified in the applicable Final Terms or Prospectus, as the case may be;

“Physical Delivery Securities” means Securities (whether Physical Delivery Warrants or Physical Delivery Certificates) which are settled by way of a physical delivery of the Relevant Asset or Relevant Assets as the case may be;

“Redemption Date” means the Redemption Date specified in the applicable Final Terms or Prospectus;

“Related Exchange” means each exchange or quotation system (as specified in the applicable Final Terms or Prospectus) or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), as may be selected from time to time by the Calculation Agent;

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

“Scheduled Trading Day” means:

- (a) in respect of Index Securities and Commodity Securities, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;
- (b) in respect of Debt Securities, any day which is a trading day on the exchange on which the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded or on any exchange on which option contracts or futures are traded relating to the Debt Instruments or any of them (in the case of a Basket of Debt Instruments); and
- (c) in respect of Currency Securities, any day which is a trading day on the exchange on which the Commodity is or any of the Commodities (in the case of a Basket of Commodities) are traded or on any exchange on which options contracts or futures contracts relating to the Commodity or any of them (in the case of a Basket of Commodities);

“Scheduled Valuation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

“Settlement Date” means the Settlement Date specified in the applicable Final Terms or Prospectus;

“Settlement Price” means, in relation to each Cash Settled Warrant or, if Units are specified in the applicable Final Terms or Prospectus, each Unit, as the case may be:

- (a) in respect of Index Warrants, subject to Condition 12(A) and as referred to in “Valuation Date” below;

- (i) in the case of Index Warrants relating to a Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price, as determined by the Calculation Agent) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms or Prospectus, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms or Prospectus at the Valuation Time on the Valuation Date and without regard to any subsequently published correction, multiplied by the relevant Multiplier; and
 - (ii) in the case of Index Warrants relating to a single Index, the official closing level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms or Prospectus, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms or Prospectus at the Valuation Time on the Valuation Date and, unless otherwise specified in the applicable Final Terms or Prospectus, such value shall be taken as a monetary value on the same basis as the Exercise Price and without regard to any subsequently published correction;
- (b) in respect of Share Warrants, subject to Condition 12(B) and as referred to in “Valuation Date” below:
- (i) in the case of Share Warrants relating to a Basket of Shares, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price, as determined by the Calculation Agent) equal to the sum of the values calculated for each Share at the official closing price (or the price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) quoted on the relevant Exchange for such Share (as defined in Condition 20(B)) on the Valuation Date as determined by the Calculation Agent (or if, in the opinion of the Calculation Agent, any such closing price or the price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) cannot be so determined and the Valuation Date is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) for the relevant Share whose official closing price (or the price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) cannot be determined based, at the Calculation Agent’s discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms or Prospectus, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price; and
 - (ii) in the case of Share Warrants relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) quoted on the relevant Exchange for such Share (as defined in Condition 12(B)) on the Valuation Date as determined by the Calculation Agent (or if in the opinion of the Calculation Agent, no such closing price (or the price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) can be determined and the Valuation Date is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date if so specified in the

applicable Final Terms or Prospectus) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date if so specified in the applicable Final Terms or Prospectus) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms or Prospectus, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price;

- (c) in respect of Debt Warrants, subject as referred to in "Valuation Date" below:
 - (i) in the case of Debt Warrants relating to a Basket of Debt Securities, an amount equal to the sum of the values calculated for each Debt Security at the bid price for such Debt Security as determined by the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on the Valuation Date or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of such Debt Security, multiplied by the relevant Multiplier; and
 - (ii) in the case of Debt Warrants relating to a single Debt Security, an amount equal to the bid price for the Debt Security as determined by the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on the Valuation Date or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of the Debt Security;

- (d) in respect of Currency Warrants:
 - (i) in the case of Currency Warrants relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on the Valuation Date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and
 - (ii) in the case of Currency Warrants relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on the Valuation Date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date of two or more leading

dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);

- (e) in respect of Commodity Warrants, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms or Prospectus;

“Trading Disruption” means:

- (a) in respect of Index Securities and in relation to an Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 per cent. or more of the level of the Index, or (ii) in futures or options contracts relating to the relevant Index on any Related Exchange; and
- (b) in respect of Share Securities and in relation to a Share, any suspension or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to a Share, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange;

“Valuation Date” means the first Scheduled Trading Day following the Actual Exercise Date of the relevant Warrant unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Warrants are Index Warrants relating to single Index, Share Warrants relating to a single Share, Debt Warrants relating to a single Debt Security or Commodity Warrants relating to a single Commodity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or Prospectus or, if not set out or if not practicable, determine the Settlement Price:
 - (i) in the case of Index Warrants, by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the commencement of the first Disrupted Day using the Exchange traded price (or if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that Scheduled Trading Day); or
 - (ii) in the case of Share Warrants, Debt Warrants or Commodity Warrants, in accordance with its good faith estimate of the Settlement Price that would have prevailed but for the occurrence of a Disrupted Day as of the Valuation Time on that eighth Scheduled Trading Day; or
- (b) where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities or Commodity Warrants relating to a Basket of Commodities, the Valuation Date for each Index, Share, Debt Security or

Commodity, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index, Share, Debt Security or Commodity, as the case may be, affected (each an “**Affected Item**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, of that determined in the manner set out in the applicable Final Terms, and, in the case of a Share, Debt Security or Commodity, a price determined in the manner set out in the applicable Final Terms or Prospectus or, if not set out or if not practicable, using:

- (i) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded price (or, if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (ii) in the case of a Share, Debt Security or Commodity, its good faith estimate of the price for the Affected Item that would have prevailed but for the Market Disruption Event as of the Valuation Time on that eighth Scheduled Trading Day,

and otherwise in accordance with the above provisions; and

“**Valuation Time**” means the Relevant Time specified in the applicable Final Terms or Prospectus or, in the case of Index Securities or Share Securities, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange in relation to each Index or Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be actual closing time.

5. **EXERCISE RIGHTS**

This Condition 5 applies only to Warrants.

(A) **Exercise Period**

- (i) *American Style Warrants*

American Style Warrants are exercisable on any Business Day during the Exercise Period.

Subject to Condition 5(A)(iii) below, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the last Business Day of the Exercise Period (the “**Expiration Date**”), shall become void.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate), to the Principal Security Agent and the Issuer and a copy thereof so delivered to Euroclear or Clearstream, Luxembourg, as the case may be, is referred to herein as the “**Actual Exercise Date**”. If any Exercise Notice which is delivered to the Principal Security Agent and the Issuer or if a copy thereof is delivered to Euroclear or Clearstream, Luxembourg, as the case may be, in each case, after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any Warrant that is not duly exercised or deemed exercised at or prior to 10.00 a.m. (Brussels or Luxembourg time, as appropriate) on the Expiration Date shall become void.

(ii) *European Style Warrants*

European Style Warrants are only exercisable on the Exercise Date.

Subject to Condition 5(A)(iii) below, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Actual Exercise Date, shall become void.

(iii) If the applicable Final Terms or Prospectus states that Automatic Exercise applies in respect of Cash Settled Warrants, notwithstanding the provisions of Conditions 5(A)(i) and 5(A)(ii) above and subject to Condition 7 and Condition 15, any Warrant that is not duly exercised on or prior to the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants) shall be deemed to have been exercised on the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants) by the Holder. Such deemed exercise shall, subject as provided below, entitle such Holder to receive, in respect of each Warrant so deemed to be exercised, the Cash Settlement Amount therefor, subject to a deduction on account of any taxes and duties arising from the exercise of such Warrant or Warrants. Notwithstanding the foregoing the Holder shall not be entitled to receive the Cash Settlement Amount therefor until the Settlement Date or, if later, five Business Days after such time as it shall have delivered an Exercise Notice in proper form in accordance with Condition 6(A) in all respects save as regards the time specified therein for delivery, together with the relevant Warrant or Warrants to the specified office of Euroclear or Clearstream, Luxembourg (in the case of European Style Warrants), as the case may be (with a copy thereof to the Principal Security Agent). If, 180 days after the Expiration Date (in the case of American Style Warrants) or the Exercise Date (in the case of European Style Warrants), there remain Warrants in respect of which such an Exercise Notice has not been delivered, the Cash Settlement Amounts relating to such Warrants shall be forfeited by the Holders and retained by the Issuer. Any Cash Settlement Amount payable under this Condition 5(A)(iii) shall not bear interest.

6. **EXERCISE PROCEDURE**

This Condition 6 applies only to Warrants.

(A) **Exercise Notice**

Subject to Condition 5(A)(iii), Warrants may only be exercised by the delivery at the expense of the Holder, or the sending by tested telex (confirmed in writing), of a duly completed exercise notice (an “**Exercise Notice**”) in the form set out in the Security Agreement (copies of which form may be obtained from the Security Agents) to the Principal Security Agent and the Issuer with a copy to Euroclear or Clearstream, Luxembourg, as the case may be, not later than 10.00 a.m., Brussels time, in the case of Euroclear, or Luxembourg time, in the case of

Clearstream, Luxembourg, on (in the case of American Style Warrants) any Business Day during the Exercise Period or on (in the case of European Style Warrants) the Exercise Date.

- (1) In the case of Cash Settled Warrants, the Exercise Notice shall:
 - (i) specify the series of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms or Prospectus, the number of Units being exercised;
 - (ii) specify the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised;
 - (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Holder's account with the Warrants being exercised;
 - (iv) specify the number of the Holder account at Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;
 - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants ("**Exercise Expenses**") and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder and/or to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;
 - (vi) certify that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), and where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Final Terms or Prospectus and, in either case, authorise the production of such certification in applicable administrative or legal proceedings, all as provided in the Security Agreement; and
 - (vii) authorise the production of such Exercise Notice in any applicable administrative or legal proceedings.

- (2) In the case of Physical Delivery Warrants, the Exercise Notice shall:
 - (i) specify the series of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms or Prospectus, the number of Units being exercised;
 - (ii) specify the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised;
 - (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Holder's account with the Warrants being exercised;
 - (iv) irrevocably instruct Euroclear or Clearstream, Luxembourg to debit on the Actual Exercise Date a specified account of the Holder with Euroclear or Clearstream, Luxembourg, as the case may

be, with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be (together with any other amounts payable);

- (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants and/or the delivery or transfer of the Entitlement pursuant to the terms of such Warrants (“**Exercise Expenses**”) and an authority to Euroclear or Clearstream, Luxembourg to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;
 - (vi) specify the name and address of any person(s) into whose name evidence of Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Holder’s account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;
 - (vii) in the case of Currency Warrants only, specify the number of the Holder’s account at Euroclear or Clearstream, Luxembourg.
- (3) If Condition 5(A)(iii) or Condition 11(C) applies, the form of Exercise Notice required to be delivered in the manner set out above will be different. Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Security Agents.

7. **MINIMUM AND MAXIMUM NUMBER OF WARRANTS EXERCISABLE**

This Condition 7 applies only to Warrants.

(A) **American Style Warrants**

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Holder on any Actual Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number or any integral multiple in excess thereof specified in the applicable Final Terms or Prospectus. Any Exercise Notice which purports to exercise Warrants in an amount less than the Minimum Exercise Number shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Holder or a group of Holders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “**Quota**”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date.

In any case where more than the Quota of Warrants are exercised on the same day by Holder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(B) **European Style Warrants**

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable by any Holder on any Exercise Date must be equal to the Minimum Exercise Number, or any integral multiple in excess thereof specified in the applicable Final Terms or Prospectus. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

8. **CERTIFICATE SETTLEMENT NOTICE**

This Condition 8 applies only to Certificates.

(A) **Certificate Settlement Notice**

Save in relation to Cash Settled Certificates in respect of which certification of non-US beneficial ownership as contemplated in this Condition 8 is not required, in order to obtain payment of the Cash Settlement Amount or delivery of the Entitlement in respect of any Certificate, the Holder must deliver a duly completed settlement notice (a "**Certificate Settlement Notice**") substantially in the form set out in the Security Agreement or in such other form as may be approved by the Issuer (copies of which form, in either case, may be obtained from the relevant Clearing System and the Security Agents) and containing the information set out below to both the relevant Clearing System (in accordance with its rules and procedures for the time being) and the Principal Security Agent during the Certificate Settlement Notice Period:

- (1) In the case of Cash Settled Certificates, the Certificate Settlement Notice shall:
- (i) specify the series of the Certificates and the number of Certificates which are the subject of the notice;
 - (ii) specify the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Certificates which are the subject of the notice;
 - (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Holder's account with the Certificates which are the subject of the notice;
 - (iv) specify the number of the Holder account at Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Certificate which is the subject of the Certificate Settlement Notice;
 - (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the Certificates ("**Exercise Expenses**") and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder and/or to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;
 - (vi) certify that the beneficial owner of each Certificate being exercised is not a U.S. person (as defined in the Certificate Settlement), and where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities

and other laws of the United States of America as indicated and set out in the applicable Final Terms or Prospectus and, in either case, authorise the production of such certification in applicable administrative or legal proceedings, all as provided in the Security Agreement; and

- (vii) authorise the production of such Certificate Settlement Notice in any applicable administrative or legal proceedings.

(2) In the case of Physical Delivery Certificates, the Certificate Settlement Notice shall:

- (i) specify the series of the Certificates and the number of Certificates which are the subject of the Certificate Settlement Notice;
- (ii) specify the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Certificates which are the subject of the Certificate Settlement Notice;
- (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Redemption Date the Holder's account with the Certificates which are the subject of the Certificate Settlement Notice;
- (iv) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Certificates and/or the delivery or transfer of the Entitlement pursuant to the terms of such Certificates ("**Exercise Expenses**") and an authority to Euroclear or Clearstream, Luxembourg to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (v) specify the name and address of any person(s) into whose name evidence of Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Holder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price;
- (vii) in the case of Currency Certificates only, specify the number of the Holder's account at Euroclear or Clearstream, Luxembourg.

(3) If Condition 11(C) applies, the form of Certificate Settlement Notice required to be delivered in the manner set out above will be different. Copies of such Certificate Settlement Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Security Agents.

9. **INTEREST**

The Certificates shall not bear interest unless otherwise specified in the applicable Final Terms or Prospectus.

10. SETTLEMENT AND REDEMPTION

(A) Cash Settlement

(i) *Cash Settled Warrants*

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms Prospectus, each Unit entitles its Holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership (unless otherwise specified in the applicable Final Terms or Prospectus), to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (A) if such Warrants are Call Warrants, (Settlement Price less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
- (B) if such Warrants are Put Warrants, (Exercise Price less Settlement Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
- (C) if such Warrants are neither Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms or Prospectus.

(ii) *Cash Settled Certificates*

If the Certificates are Cash Settled Certificates, each Certificate will, subject to certification as to non-U.S. beneficial ownership (unless specified in the applicable Final Terms or Prospectus), be redeemed by the Issuer on the Redemption Date by payment of a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) determined in accordance with the applicable Final Terms or Prospectus.

(iii) *Conversion and Rounding*

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Final Terms or Prospectus for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Securities of the same Holder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Securities or Units, as the case may be.

(B) Physical Settlement

(i) *Physical Delivery Warrants*

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms or Prospectus, each Unit, as the case may be, entitles its Holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership (unless otherwise specified in the applicable Final Terms or Prospectus), to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price (and any other sums payable). The method of delivery of the Entitlement is set out in the applicable Final Terms or Prospectus.

(ii) *Physical Delivery Certificates*

If the Certificates are Physical Delivery Certificates, each such Certificate will, subject to certification of non-U.S. beneficial ownership (unless otherwise specified in the applicable Final Terms or Prospectus), be redeemed by the Issuer on the Redemption Date by delivery of the Entitlement (subject to payment of any sum that may be payable to the Issuer). The method of delivery of the Entitlement is set out in the applicable Final Terms or Prospectus.

(iii) *Fractions*

Securities of the same Holder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Securities, as the case may be, provided that the aggregate Entitlements in respect of the same Holder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

(iv) *Dividends*

In respect of Share Securities which are Physical Delivery Securities, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date or the Redemption Date, as the case may be and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Holder will be paid to the account specified by the Holder in the relevant Exercise Notice or Certificate Settlement Notice.

(C) **Settlement Disruption**

If, following the exercise of Physical Delivery Warrants or Physical Delivery Certificates, in the sole opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or Prospectus is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date shall be postponed to the first following Business Day in respect of which there is no such Settlement Disruption Event. For so long as the Calculation Agent is of the opinion that delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then *in lieu* of physical settlement and notwithstanding any other provisions hereof, the Issuer may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Securities, as the case may be, by payment to the relevant Holder of the Disruption Cash Settlement Price (as defined below) on the third Business Day following the date that notice of such election is given to the Holders in accordance with Condition 17. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 17. The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 that a Settlement Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant Securities as a result of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Guarantor.

For the purposes hereof:

“Disruption Cash Settlement Price” in respect of any relevant Securities, as the case may be, shall be the fair market value of such Securities, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Exercise Price (if applicable); and

“Settlement Disruption Event” means an event beyond the control of the Issuer or the Guarantor as a result of which the Issuer or the Guarantor cannot in its sole opinion make delivery of the relevant Entitlement(s) using the method specified in the applicable Final Terms or Prospectus.

(D) **Issuer’s Option to Vary Settlement**

If the applicable Final Terms or Prospectus indicates that the Issuer has an option to vary settlement in respect of the Securities, the Issuer may, at its sole and unfettered discretion, elect, in respect of each such Warrants or, if Units are specified in the applicable Final Terms or Prospectus, each Unit or Certificates, not to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, *in lieu* thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date or the Redemption Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders no later than 10.00 a.m. (London time) on the second Business Day immediately preceding the Settlement Date or the Redemption Date.

(E) **General**

None of the Issuer, the Guarantor, the Calculation Agent and the Security Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount, any Entitlement or of any Disruption Cash Settlement Price.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to **“Brussels or Luxembourg time”** shall, where Securities are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

11. **VERIFICATIONS, PAYMENT AND DELIVERY, DETERMINATIONS**

(A) **Verification of the Holder**

Upon receipt of an Exercise Notice or Certificate Settlement Notice (if applicable), the Principal Security Agent will, in consultation with Euroclear or Clearstream, Luxembourg, as the case may be, verify that the person exercising the Warrants or delivering the Certificate Settlement Notice is the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, the Principal Security Agent will confirm with Euroclear or Clearstream, Luxembourg, as the case may be, and the Issuer the number of Warrants being exercised or the number of Certificates in respect of which a Certificate Settlement Notice has been received and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for delivery of the documents evidencing the Entitlement of each Security. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the account of the relevant Holder with the Warrants being exercised or the Certificates which are the subject of a Certificate Settlement Notice. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Permanent Global Security, as the case may be, the Common Depository will, on the instructions of the Principal Security Agent, note such exercise on the Schedule to the Global Security and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(B) Payment and Delivery

(i) Cash Settled Warrants

The Issuer shall, subject to Condition 5(A)(iii), on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, to the Holder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Exercise Expenses not already paid. The Issuer shall procure that the Security Agents (or any of them) make such payment in accordance with the the rules and regulations of Euroclear or Clearstream, Luxembourg. For such purposes the Securities Agents will act as paying agents of the Issuer with respect to such payments.

(ii) Cash Settled Certificates

The Issuer shall, subject to Condition 8, on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each Certificate, as the case may be to the Holder's account specified in the relevant Certificate Settlement Notice for value the Redemption Date less any Exercise Expenses not already paid. The Issuer shall procure that the Security Agents (or any of them) make such payment in accordance with the the rules and regulations of Euroclear or Clearstream, Luxembourg. For such purposes the Securities Agents will act as paying agents of the Issuer with respect to such payments.

(iii) Physical Delivery Warrants

Subject to payment of the aggregate Exercise Prices and payment of any Exercise Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the documents evidencing the Entitlement for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the Exercise Notice. The Entitlement shall be evidenced in such manner as set out in the applicable Final Terms or Prospectus.

(iv) Physical Delivery Certificates

Subject to the payment of any Exercise Expenses with regard to the relevant Certificate, the Issuer shall on the Redemption Date deliver, or procure the delivery of, the documents evidencing the Entitlement for each duly exercised Certificate, pursuant to the details specified in the Certificate Settlement Notice. The Entitlement shall be evidenced in such manner as set out in the applicable Final Terms or Prospectus.

(C) Determinations

Any determination as to whether an Exercise Notice or Certificate Settlement Notice is duly completed and in proper form shall be made by the Principal Security Agent in consultation with the Issuer and Euroclear or Clearstream, Luxembourg, as the case may be and shall be conclusive and binding on the Issuer, the Security Agents and the relevant Holder. Subject as set out below, any Exercise Notice or Certificate Settlement Notice so determined to be incomplete or not in proper form, or which is not copied to Euroclear or Clearstream, Luxembourg, as the case may be, immediately after being delivered or sent to the Principal Security Agent and the Issuer as provided in paragraph (A) above, shall be null and void.

If such Exercise Notice or Certificate Settlement Notice is subsequently corrected to the satisfaction of the Principal Security Agent in consultation with the Issuer and Euroclear or Clearstream, Luxembourg, as the case may be, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Issuer, the Principal Security Agent and Euroclear or Clearstream, Luxembourg, as the case may be.

In the case of European Style Warrants, if such Exercise Notice is subsequently corrected within three Business Days of the Exercise Date to the satisfaction of the Principal Security Agent in consultation with the Issuer and Euroclear or Clearstream, Luxembourg, as the case may be, it shall be deemed to be a new Exercise Notice submitted on the Exercise Date.

Any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 5(A)(i), in the case of American Style Warrants, or Condition 5(A)(ii), in the case of European Style Warrants, shall become void.

The Principal Security Agent shall use its best efforts promptly to notify the Holder submitting an Exercise Notice if, in consultation with the Issuer and Euroclear or Clearstream, Luxembourg, as the case may be, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Security Agents or Euroclear and Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(D) Delivery of Notices

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Warrants specified. After the delivery of such Exercise Notice or a Certificate Settlement Notice, such exercising Holder may not transfer the relevant Securities.

(E) Exercise Risk

Exercise of the Warrants and redemption of the Certificates is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and/or the Settlement Date or the Redemption Date, as the case may be, and none of the Issuer and the Security Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Security Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of its duties in relation to the Securities.

12. TERMS FOR INDEX SECURITIES, SHARE SECURITIES, DEBT SECURITIES AND COMMODITY SECURITIES

(A) Index Securities

(1) *Market Disruption*

“Market Disruption Event” shall mean, in relation to Securities relating to a single Index or Basket of Indices, in respect of an Index, (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on

a comparison of (x) the portion of the level of the Index attributable to the security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 that a Market Disruption Event has occurred.

(2) *Adjustments to the Index*

(a) Successor Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the agreed sponsor or such other entity named in the applicable Final Terms or Prospectus as shall calculate the relevant Index (the “**Index Sponsor**”) but is calculated and announced by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then that Index will be deemed to be that index (the “**Successor Index**”) so calculated and announced by the Successor Index Sponsor or that successor index, as the case may be.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to a Valuation Date the Sponsor or (if applicable) the Index Sponsor or (if applicable) the Successor Index Sponsor announces a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”), or (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Index (an “**Index Disruption**” and, together with an Index Modification and Index Calculation, each an “**Index Adjustment Event**”), then the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the relevant Settlement Price using, *in lieu* of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event (other than those securities that have since ceased to be listed on the Exchange).

If any value of a relevant Index published on a given day and used or to be used by the Calculation Agent to determine the relevant Settlement Price is subsequently corrected and the correction is published by the Index Sponsor within 30 days of the original publication, the Calculation Agent shall notify the Issuer and the Agent of (a) that correction and (b) the amount payable as a result of that correction and as soon as reasonably practicable thereafter, the Issuer or Holder (as applicable) shall make payment of such amount in accordance herewith.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Security Agent and the Issuer of any determination made by it pursuant to paragraph (b) above and the Principal

Security Agent and, if the Securities are listed on the Irish Stock Exchange, the Irish Security Agent shall make available for inspection by Holders copies of any such determinations. The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 of any determination made by the Calculation Agent pursuant to paragraph (b) above.

(B) **Share Securities**

For the purposes of this Condition 12(B):

“Basket Company” means a company whose shares are included in the Basket of Shares and **“Basket Companies”** means all such companies;

“Shares” and **“Share”** mean, subject to adjustment in accordance with this Condition 12(B), the shares or a share of the relevant Basket Company and, in the case of an issue of Securities relating to a single Share, such share and related expressions shall be construed accordingly; and

“Share Company” means, in the case of an issue of Securities relating to a single share, the company that has issued such share.

(1) *Market Disruption*

“Market Disruption Event” shall mean in relation to Securities relating to a single Share or a Basket of Shares, in respect of a Share the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) Early Closure.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 that a Market Disruption Event has occurred.

(2) *Potential Adjustment Events, De-listing, Merger Event, Nationalisation and Insolvency*

(a) **“Potential Adjustment Event”** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, 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 (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;

- (v) a repurchase by the Basket Company or Share Company, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (vii) any other similar event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus and giving brief details of the Potential Adjustment Event.

- (b) **“De-Listing”** means, in respect of any relevant Shares, that the Exchange announces that pursuant to the rules of such Exchange, such shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union).

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, (ii) consolidation, amalgamation or merger of the Basket Company or Share Company, as the case may be, with or into another entity (other than a consolidation, amalgamation or merger in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in any such reclassification or change of all of such Shares outstanding) or (iii) a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise to obtain 100 per cent. of the outstanding Shares of the Basket Company or the Share Company, as the case may be, results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event in each case if the Merger Date is on or before, in the case of Physical Delivery Warrants or Physical Delivery Certificates, the relevant Actual Exercise Date or Redemption Date or, in any other case, the final Valuation Date in respect of the relevant Securities.

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity or instrumentality thereof.

“Tender Offer” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the issuer of the Shares, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Assets and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing,

Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or

(ii) cancel the Securities by giving notice to Holders in accordance with Condition 17. If the Securities are so cancelled the Issuer will pay an amount to each Holder in respect of each Security or, if Units are specified in the applicable Final Terms or Prospectus, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant, Unit or Certificate, as the case may be, taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price (if applicable), all as determined by or on behalf of the Issuer in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 17; or

(iii) following such adjustment to the settlement of terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), the Issuer may require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Multiplier and/or the Exercise Price and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

(c) Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 stating the occurrence of the Merger Event, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(C) **Debt Securities**

Market Disruption

"Market Disruption Event" shall mean the suspension of or limitation imposed on trading either on any exchange on which the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 that a Market Disruption Event has occurred.

(D) **Commodity Securities**

Market Disruption

“Market Disruption Event” shall mean the suspension of or limitation imposed on trading on either any exchange on which the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded or on any exchange on which options contracts or futures contracts with respect to the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 17 that a Market Disruption Event has occurred.

13. **ADJUSTMENTS FOR EUROPEAN MONETARY UNION**

The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with Condition 17:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
- (B) where the Exchange Rate and/or any other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **“Original Currency”**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
- (C) such other changes shall be made to these Terms and Conditions and/or the applicable Final Terms or Prospectus as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Terms and Conditions and/or the applicable Final Terms or Prospectus.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Security Agents shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

“Adjustment Date” means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

“Established Rate” means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4) of the Treaty;

“euro” means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

“National Currency Unit” means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

“Treaty” means the treaty establishing the European Community, as amended.

14. **ILLEGALITY**

If the Issuer or the Guarantor determines that the performance of its obligations under the Securities or the Guarantee or that any arrangements made to hedge its position thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, the Issuer may cancel the Securities by giving notice to Holders in accordance with Condition 17.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby in any way.

If the Issuer cancels the Securities then the Issuer will, if and to the extent permitted by applicable law, pay to each Holder in respect of each Security or, if Units are specified in the applicable Final Terms or Prospectus, each Unit, as the case may be, held by such holder an amount equal to the fair market value of a Security or Unit, as the case may be, notwithstanding such unlawfulness, illegality or other prohibition less the cost to the Issuer of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 17.

15. **PURCHASES**

Subject to certain restrictions as may be described in the applicable Final Terms or Prospectus, the Issuer may, but is not obliged to, purchase at any time Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation.

16. **AGENTS, DETERMINATIONS AND MODIFICATIONS**

(A) **Security Agents**

The specified office of the Principal Security Agent is set out below.

The Issuer reserves the right at any time to vary or terminate the appointment of any Security Agent and to appoint further or additional Security Agents, provided that no termination of appointment of the Principal Security Agent shall become effective until a replacement Principal Security Agent shall have been appointed and provided that, so long as any of the Securities are listed on a stock exchange, there shall be a Security Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Security Agent will be given to Holders in accordance with Condition 17. In acting under the Security Agreement, each Security Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders and any Security Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders.

(B) **Calculation Agent**

In relation to each issue of Securities where there is a Calculation Agent (whether it be Renaissance Securities (Cyprus) Limited or another entity), it acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. All calculations and determinations made in respect of the Securities by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders and unless otherwise stated in the applicable Final Terms or Prospectus, shall be made in its sole and absolute discretion.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(C) **Determinations by the Issuer**

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders.

(D) **Modifications**

The Issuer may modify these Terms and Conditions and/or the Security Agreement without the consent of the Holders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Holders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Holders in accordance with Condition 17 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

17. **NOTICES**

All notices to Holders shall be valid if delivered (i) to Euroclear and Clearstream, Luxembourg for communication by them to the Holders and (ii) if and so long as the Securities are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange.

18. **EXPENSES AND TAXATION**

- (1) A holder of Securities must pay all Exercise Expenses relating to such Securities as provided above.
- (2) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Securities by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
- (3) Other than the Issue Price, no fees or expenses are payable to the Issuer or the Guarantor in respect of subscription, purchase or transfer of any Securities.

19. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of Holders to create and issue further Securities so as to be consolidated with and form a single series with the Securities but on such terms as to issue price and otherwise as the Issuer may determine.

20. **GOVERNING LAW AND JURISDICTION**

The Securities, Global Security, Guarantee and the Security Agreement are governed by and shall be construed in accordance with English law.

In relation to any legal action or proceedings arising out of or in connection with the Securities and the Global Security ("**Proceedings**"), the Issuer and the Guarantor irrevocably submit to the jurisdiction of the courts of England and hereby waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Each of the Issuer and the Guarantor has appointed Renaissance Capital Limited of One Angel Court, CoptHall Avenue, London EC2R 7HJ as its agent in England for service of process on its behalf.

21. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The Securities do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Securities, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Securities for general corporate purposes. All or part of the proceeds may also be used to maintain positions in certain options or forward contracts or hedging instruments relating to payment obligations resulting from the issuance of the Securities.

DESCRIPTION OF THE ISSUER

Renaissance Securities Trading Limited is an exempted limited liability company incorporated as number EC24478 in Bermuda on 2 February 1998 under the Companies Act 1981 of Bermuda, as amended. Its business comprises fixed income securities trading and structured product sales with non-Russian counterparties. The Issuer is an indirect wholly-owned subsidiary of the Guarantor.

The Directors of Renaissance Securities Trading Limited, their principal functions and their principal significant outside activities are as follows:

Name	Principal Function	Significant Outside Activities
Stephen Jennings	Director	Stephen Jennings is the Chief Executive Officer of the Guarantor and a member of the board of directors of the Guarantor, and of a number of the Guarantor's subsidiaries.
Richard Olphert	Director	Richard Olphert is a Managing Director of the Guarantor and a member of the board of directors of the Guarantor and of a number of Guarantor's subsidiaries.
James M. Keyes	Director	Mr. Keyes is a Partner and Local Team Leader of the Funds & Investment Services Team within the Corporate/Commercial Practice Group of Appleby Spurling Hunter, an international law firm.

Director biographies:

Stephen Jennings is the Chief Executive Officer and one of the founders of the Group. Mr. Jennings has served as Head of Investment Banking, Head of Sales, and Chief Operating Officer. Prior to establishing the Group, Mr. Jennings served as co-head of Credit Suisse First Boston (Moscow) from 1992 to 1995. Before moving to Russia in 1992, Mr. Jennings was with Credit Suisse First Boston in London, where he worked on investment banking and privatisation transactions in Central and Eastern Europe. Previously, he worked for Credit Suisse First Boston and the Treasury in New Zealand, advising the New Zealand and Australian governments on privatisation and state enterprise restructuring and working on a wide variety of private sector M&A and capital markets transactions. Mr. Jennings obtained a Bachelor of Business Studies degree from Massey University in 1981 and an M.Phil. in Economics with first class honours from the University of Auckland in 1983. Mr Jennings has been a director of the Guarantor since 1998; he was Vice President between 1998 and 2000 and has been President since 2000.

Richard Olphert is a Managing Director of the Guarantor. Prior to joining the Group, Mr. Olphert was Managing Director of Investment Banking at UFG, a Moscow-based investment bank, and a member of its executive management committee. From 1993 to 1997, Mr. Olphert was a Director of Corporate Finance at PriceWaterhouse, working in Moscow and New York. Prior to relocating to Russia in 1993, Mr. Olphert gained banking and transaction experience in PriceWaterhouse's Australasian banking business advisory group. Mr. Olphert attended the University of Auckland and obtained a Bachelor of Commerce degree in Finance and Accounting in 1989. Mr Olphert has been a director and Vice President of the Guarantor since 2002 and he has served on the board of directors of the Issuer (since 2002) and a number of other companies in the Group.

James M. Keyes is a Partner and Local Team Leader of the Funds & Investment Services Team within the Corporate/Commercial Practice Group of Appleby Spurling Hunter, an international law firm. Mr. Keyes has

served as a director of the Issuer since 2004 and as the Issuer's resident representative in Bermuda since 1999. Prior to joining Appleby Spurling Hunter in 1993, Mr. Keyes was with Freshfields law firm in London from 1989 to 1992. Mr. Keyes attended Oxford University in England and graduated (M.A. with Honours) as a Rhodes Scholar. He was called to the bar of England & Wales in 1991 and to the Bermuda Bar in 1993. Mr. Keyes is a member of the Bermuda International Business Association's committee on collective investment schemes.

The Secretary of the Issuer as at the date of the document is Appleby Corporate Services (Bermuda) Ltd. (Contact: Nicola Burrows).

The business address of each of the Directors and the Secretary to the Issuer is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda, the registered office of the Issuer. The telephone number is +1 441 295 2244.

The Issuer is not required to establish an audit committee or other similar body under Bermuda law or its By-laws and it has not done so. There is no statutory corporate governance regime in place in Bermuda. The Issuer and Guarantor are in compliance with Bermuda company law, which includes, for example, provisions relating to directors' duties.

To the knowledge of the Issuer the duties owed by the members of the board of directors of the Issuer do not give rise to any potential conflicts of interest material to the Securities, with such members' private interests or other duties owed to other entities.

The Issuer is not aware of any events which have occurred since December 31, 2005 which are to a material extent relevant to an evaluation of the Issuer's solvency.

Capitalisation

The authorised share capital of the Company is US\$12,000.00 divided into shares of one U.S. dollar each. The minimum subscribed share capital of the Company is US\$12,000.00 in United States currency.

Objects of the Issuer

The Schedule to Clause 7 of the Issuer's Memorandum of Association provides that the Issuer's objects shall include the following:

- (a) To borrow and raise money in any currency or currencies and to secure or discharge any debt or obligation in any manner.
- (b) To enter into any guarantee, contract of indemnity or suretyship.
- (c) To accept, draw, make, create, issue, execute, discount, endorse, negotiate bills of exchange, promissory notes, and other instruments and securities, whether negotiable or otherwise.
- (d) To deal with or dispose of, all or any part of the undertaking, property and assets of the Company for any consideration.

(The information above is in summary form only and potential investors should refer to the full text of the Memorandum of Association of the Issuer for more details).

Major Shareholders

Mr. Stephen Jennings and Mr. Richard Olphert and the current managers and employees of the companies in the Renaissance Capital group are the only beneficial owners of the Issuer. Mr. Jennings indirectly controls the Issuer.

The Bye-laws of the Issuer provide that the quorum for any business of the company to be transacted in general meetings is at least two shareholders entitled to vote, present in person or by proxy. The Bye-laws also provide that resolutions must be decided on a simple majority of votes cast, unless a greater majority is required by the Companies Acts or pursuant to the Bye-laws. To the Issuer's knowledge there are no arrangements in place which may lead to a change in control of the Issuer.

Other than as provided for under Bermuda law and in the Bye-laws of the Issuer, there are no specific measures in place to prevent the abuse of control over the Issuer.

Investments

No major investments have been made by the Issuer since 1 January 2006 and none is planned for the near future.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The Group's selected financial information presented below has been prepared in accordance with IFRS and have been extracted without adjustment from the Group's IFRS Financial Statements as of and for the years ended December 31, 2005, 2004 and 2003. These financial statements are not necessarily indicative of results for any future fiscal year. The selected financial information presented below should be read in conjunction with the IFRS Financial Statements incorporated by reference into this Base Prospectus.

Consolidated Statements of Income (In thousands of US\$)

	Audited		
	year ended December 31, 2005	year ended December 31, 2004	year ended December 31, 2003
Revenues, net:			
Equity sales and trading	\$218,012	\$ 134,087	\$ 90,561
Debt advisory and structured products	46,176	37,981	24,042
Investment banking	32,011	30,696	67,644
Asset management	21,285	7,225	681
	317,484	209,989	182,928
Interest income	27,647	15,279	7,020
Total revenues	345,131	225,268	189,948
Operating expenses:			
Compensation and benefits	105,182	55,853	53,555
Business development and advertising	17,743	11,372	8,022
Professional services	6,596	3,906	2,762
Occupancy and equipment	5,032	4,411	3,216
Depreciation and amortization	2,724	1,661	1,322
Provision for losses		—	790
Accrual for contingency /(Reversal)	(1,630)	2,200	(750)
Interest expense and bank charges	7,572	3,760	3,179
Other	3,584	922	556
Total operating expenses	146,803	84,085	72,652
Income before income taxes	198,328	141,183	117,296
Income taxes	(9,082)	(4,522)	(2,533)
Net income	\$189,246	\$ 136,661	\$ 114,763

Consolidated Balance Sheets
(In thousands of US\$)

	31 Dec 2005	Audited 31 Dec 2004	31 Dec 2003
Assets			
Cash and cash equivalents	\$137,871	\$119,005	\$90,084
Placement with bank	-	-	-
Financial assets at fair value through profit or loss	346,328	122,858	71,398
Derivative financial assets	32,939	1,722	164
Financial assets available for sale	1,135	936	437
Securities purchased under agreements to resell	295,210	266,353	165,481
Securities pledged under agreements to repurchase	63,226	8,230	9,169
Investment securities held to maturity	7,643	7,218	-
Receivables, net:			
Brokers and dealers	427,863	314,513	274,818
Customers	351,212	91,760	36,260
Fees and commissions	29,398	2,960	606
Loans receivable	130,740	75,286	8,447
Property and equipment, net	6,127	4,822	2,694
Other assets	12,683	6,462	5,358
Total assets	<u>\$1,842,375</u>	<u>\$1,022,125</u>	<u>\$664,916</u>
Financial liabilities at fair value through profit or loss	54,654	85,498	75,631
Derivative financial liabilities	145,366	1,425	106
Securities sold under agreements to repurchase	267,189	170,889	79,190
Loans payable	36,968	20,010	-
Payables:			
Brokers and dealers	402,650	260,302	88,273
Customers	337,863	110,277	166,979
Accrued expenses	62,490	33,153	34,067
Bonds issued	91,200	-	-
Equity Linked Notes issued	2,228		
Dividends payable	-	7,000	499
Other liabilities	27,169	18,219	9,480
Total liabilities	<u>1,427,777</u>	<u>706,773</u>	<u>454,225</u>
Shareholders' equity			
Share capital	96	96	96
Additional paid-in capital	5,173	5,173	5,173
Retained earnings	409,329	310,083	205,442
Total shareholders' equity	<u>414,598</u>	<u>315,352</u>	<u>210,691</u>
Total liabilities and shareholders' equity	<u>\$1,842,375</u>	<u>\$1,022,125</u>	<u>\$664,916</u>

DESCRIPTION OF THE GROUP AND THE GUARANTOR

Overview

Renaissance Capital Holdings Limited (the “**Guarantor**”, the “**Company**” or “**RCHL**”) is a private limited liability company incorporated as number EC24667 in Bermuda on 23 March 1998 under the Companies Act 1981 of Bermuda, as amended. The Company is the parent company of a group of companies incorporated in Bermuda, the United Kingdom, the United States of America, the Republic of Cyprus, the Netherlands, the Russian Federation, Ukraine and the British Virgin Islands (collectively, the “**Group**” or “**Renaissance**”).

In August 2005, Fitch Ratings upgraded Renaissance Capital Holdings Limited from a 'B+' to 'BB-' with stable outlook. In December 2005, S&P upgraded Renaissance Capital Holdings Limited from a 'B-' to 'B' with stable outlook.

Strategy

The Group's strategy includes:

- maintaining a leading position in the Russian/CIS capital markets;
- applying a consistent model for aggressive growth in Ukraine and Kazakhstan;
- building the capital base of the business and maintaining a consistent return on equity;
- reducing risk through adoption of risk management controls for market, credit liquidity, and operational risks:

Group Structure and Principal Activities

The Group is an integrated financial services company and its primary businesses include sales and trading of Russian equity and fixed income securities, investment banking services including advisory, M&A and asset management and investment advisory services.

The Group's main offices are located in Moscow, London, New York, Nicosia (in the Republic of Cyprus) and Kiev (Ukraine). The Group structure consists of various operating subsidiaries and intermediate holding companies. As of December 31, 2005 and 2004, the Group had 422 and 295 employees respectively.

Principal Activities

The Group is organized into the following business units:

Equity Product Group

The Group has a leading equity sales and trading franchise, activities of which include executing clients' orders, market making activities and taking limited positions for the Group's own account. Trading on behalf of clients usually requires the Group to hold a position in a security for a short period of time. Client portfolios are segregated from the Group's positions and are separately managed, with any transactions between the portfolios occurring at market prices.

The Group is ranked number 1 in equity ADR trading volume on the London Stock Exchange's ("LSE") International Order Book (after inter-broker dealers) and accounted for 24% of the Russian Trading System ("RTS") volume. Total trading volumes increased 44% during 2004.

The Equity Product Group also maintains a full equity sales and trading business in the Ukraine which achieved Number 1 ranking in trading volumes in 2005.

Within the Equity Product Group is an Equity Finance Group which provides prime brokerage services for international and local clients (leverage, stock borrowing, and custody). Equity Finance also provides clients with innovative structured products including equity linked synthetic products (total return swaps, participation notes, equity baskets, other instruments giving execution cost savings, increased leverage) as well as complex derivative products (RTS Futures/Options, hedging solutions, OTC options, listed options, long/short instruments, convertibles).

The Group's equity research team has been ranked Number 1 in Institutional Investor's All Russia Research Team for the years 2003, 2004 and 2005. In the most recent Institutional Investors, the Group won first place in 9 of 11 categories.

Debt Product Group

The Debt Product Group led the development of the domestic bond market in Russia. Debt advisory and structured products activities include assisting customers in bond placement and trading, and developing structured transactions, whereby the Group receives fees and commissions for services rendered. Together with the Investment Banking Group, the Debt Group participates in placing and distribution of domestic bonds for Russian and CIS companies. In the domestic Rouble bond market, the Group holds a leading position in both primary and secondary trading. The group completed the largest ever bond placement for Gazprom (RUB 10 billion) and a record low yield bond for Lukoil in 2004. Volume in trading of debt instruments increased 68% in 2004.

Investment Banking Group

The Investment Banking Group has raised over US\$12 billion in financing for clients since its inception. Investment banking activities include advice and assistance to clients involved in acquisitions, mergers, and reorganizations, including restructuring of assets and liabilities, and arranging transaction financing. On primary equity transactions, the Investment Banking Group coordinates closely with a dedicated Capital Markets team that has been created as a joint venture between the Investment Banking Group and Equity Product Group.

The Group advises domestic and international blue chip clients on both local and cross border transactions. Recent M&A transactions include an advisory role to Gold Fields in relation to Harmony Gold's US\$8.1 billion hostile bid. The team also led the sale of KMB Bank for US\$120 million to Banca Intesa.

The Capital Markets team is engaged in both domestic and international primary and secondary debt and equity placements and has considerable experience in Russian IPOs and secondary offerings. The Group was recently Joint Bookrunner on Evraz Group's landmark US\$442 million IPO on the LSE, and is currently engaged as bookrunner in a number of IPOs transactions timetabled to be launched in 2006.

Asset Management Group

The Asset Management Group's activities include managing investments of individuals, corporations and institutional investors in form of individual accounts, as an investment manager of open and closed investment

funds and through the provision of private banking services. Assets under management at June 30, 2005 totaled US\$663.2 million which included US\$374.3 million of Discretionary Managed Accounts which grew 40% compared to December 31, 2004. Management expects continued growth in assets under management for the balance of 2005. The group also manages large pension funds for some of the largest Russian corporations including Gazprom and Transneft.

The Group

The Group's main offices are located in Moscow, London, New York and Nicosia (in the Republic of Cyprus). The Group structure consists of various operating subsidiaries of the Group and intermediate holding companies. The principal operating subsidiaries of the Guarantor are as follows:

Renaissance UK Holding Limited (“RUKHL”)

RUKHL acts as a holding company for the Group's international equity sales and trading activity conducted by Renaissance Capital Limited and RenCap Securities Inc. in the United Kingdom and United States of America, respectively. In February 2001, RUKHL, together with its aforementioned subsidiaries, was approved by the United Kingdom Financial Services Authority (“FSA”).

Renaissance Capital Limited (“RCL”)

RCL conducts investment business from the United Kingdom, marketing Russian securities and other investment products to investors located in the United Kingdom and continental Europe. The investment business generated by RCL is referred to non-UK Group companies for execution. RCL was originally licensed by the FSA as a Category “D” regulated broker-dealer. During 2001, RCL upgraded its status to Category “A”, which allows RCL to market, trade, record, and execute all securities and investment transactions for its clients in the European Union, as well as trade for its own account.

RenCap Securities, Inc. (“RCSI”) (formerly known as “RC Securities, Inc.”)

RCSI conducts broker-dealer activities in the United States of America. It is licensed by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission.

Renaissance Capital Ukraine (“RCU”)

RCU conducts broker-dealer activities and trades government, municipal, and corporate securities in Ukraine. It also participates in investment banking and merchant banking activities in Ukraine. RCU is licensed by the Ukrainian Securities and Exchange Commission (SEC license No. A5113143 issued on October 20, 2004 (valid through October 20, 2007), and registered as a financial institution providing financial services on the stock market (certificate of the Ukrainian SEC No. 344 issued on November 26, 2004). RCU is a member of various self-regulatory bodies and exchanges, including the First Stock Trading System (“PFTS”), Ukrainian Stock Exchange and Professional Association of Registrars and Depositories (“PARD”).

LLC Renaissance Broker (“Broker”)

Broker conducts broker-dealer activities and trades government, municipal, and corporate securities in the Russian Federation. Broker is licensed by the Russian Federal Services for the Financial Markets (“FSFM”) and is a member of various self-regulatory bodies and exchanges, including the National Association of Securities Markets Participants (“NAUFOR”), the RTS, the St. Petersburg Stock Exchange (“SPSE”), the Moscow Stock Exchange (“MSE”), and the Moscow International Currency Exchange (“MICEX”).

CJSC Renaissance Capital (“CJSC”)

CJSC trades government, municipal, and corporate securities in the Russian Federation and participates in investment banking transactions. CJSC is licensed by the FSFM and is a member of MICEX, NAUFOR, RTS, SPSE and MSE.

LLC Renaissance Capital Asset Management Company (“AMC”)

AMC provides asset management services for domestic customers - individuals, corporations and pension funds - according to proper licenses issued by the FSFM.

Renaissance Capital Investment Management Limited (“RCIML”)

Renaissance Advisory Management Limited (“RAML”)

RCIML and RAML provide asset management service together with private banking services for non-resident customers.

Reachcom Public Limited (former Reachom Limited) (“RPL”)

RPL is a company incorporated in Cyprus and provides financing services to domestic and foreign customers. As of June 29, 2005 Reachcom Limited became a public company and changed its name to Reachcom Public Limited.

Other significant operating subsidiaries of the Company, their country of domicile, and principal business activities are:

<i>Company</i>	<i>Ownership</i>	<i>Domicile</i>	<i>Principal Business</i>
Renaissance Advisory Services Limited	100%	Bermuda	1, 2, 3, 4, 5
Renaissance Capital Investments (Cyprus) Limited	100%	Cyprus	2, 3, 5
Renaissance Financial Services Limited	100%	Cyprus	3, 5
Renaissance Securities (Cyprus) Limited	100%	Cyprus	1, 2, 3, 4, 5
Renaissance Capital Financial Consultant	100%	Russia	2

1 = Financial advisory services

2 = Investment banking services

3 = Brokerage services in equity securities

4 = Nominee shareholder services

5 = Brokerage services in fixed income securities

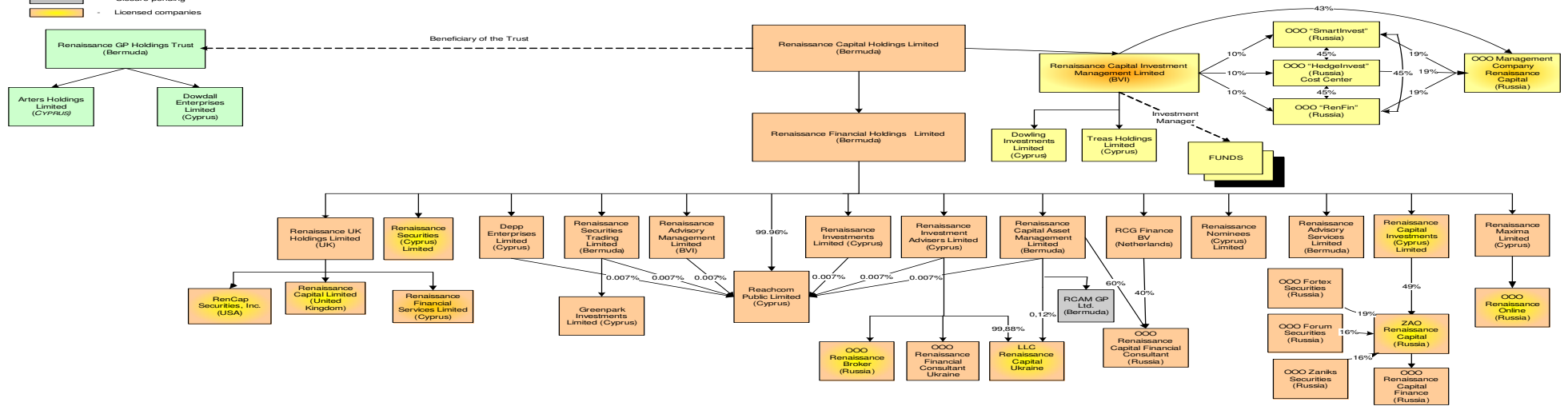
Organisational Structure

Set out below is a diagram showing the organisational structure of the Group (and the Guarantor's holding companies) as of the date of this Base Prospectus.

Key:
100% Ownership unless otherwise indicated

RCHL GROUP

- Asset Management group
- IB/EPG/DPG group
- Trading structures
- Closure pending
- Licensed companies



Ratings

RCHL is regularly reviewed by the rating agencies Fitch Ratings and Standard and Poor's and was upgraded by both during their last reviews. The Group is currently rated BB- by Fitch and B by Standard and Poor's. Both agencies cite the Group's improved operating environment, risk management practices, diversification of revenues and improved capitalization in rationalizing the upgrades. Both Fitch Ratings and Standard and Poor's rate the group with a 'stable' outlook.

Clients

The Group's client base is becoming increasingly diversified. Over 60% of current clients are western institutions. Both the proportion of non-local clientele and client quality are increasing as Russia continues to attract more creditworthy investors. These include bulge bracket investment banks, investment advisors, high net worth individuals, pension funds and offshore funds. Local Russian clients remain a diverse mix of high net worth individuals, banking institutions, funds and corporates.

Recent Developments

No major new products or activities have been introduced by the Group since 31 December 2005.

Trend Information - Group

There has been no material adverse change in the prospects of the Issuer or the Guarantor since December 31, 2005.

Trend Information – Political and economic overview

As Russia's economy continues to recover strongly, the country is entering a new stage in its transition. Sustainable medium-term growth is now firmly entrenched, incomes are increasing and domestically-generated demand is driving innovation and transformation. Economic success has earned Russia an investment grade rating from all three of the world's major ratings agencies but, at the same time, the perceived risk of doing business in the country is increasing, and the markets are pricing a higher discount for holding equity.

The Government's success in proceeding with its agenda for ambitious reform will determine whether higher-perceived political risk will undermine the rate of growth. After the parliamentary and presidential elections, in the second half of 2004 the momentum on implementing reform slowed. In addition, the confidence of the international investor community was undermined by YUKOS' declaration of bankruptcy and the subsequent auction of its main production facility, Yuganskneftegaz. The Government will need to demonstrate its commitment to the implementation of its well-publicised reform programme to restore Russia's reputation as a dynamic, transforming economy.

Investments

No major investments have been made by the Group since 31 December 2005, and none is planned for the near future.

Administrative, Management and Supervisory Bodies

Board of Directors

The Directors of Renaissance Capital Holdings Limited, their principal functions and their principal significant outside activities are as follows:

Name	Principal Function	Significant Outside Activities
Stephen Jennings	Director	Stephen Jennings is the Chief Executive Officer of the Guarantor.
Richard Olphert	Director	Richard Olphert is a Managing Director of the Guarantor.
Chris Baxter	Director	Chris Baxter is a Managing Director and Co-Head of the Investment Banking Group and Finance Department of the Guarantor.
Hans Jochum Horn	Director	Hans Jochum Horn is a Managing Director, Head of Business Support Group and Chief Operating Officer of the Guarantor.
James Keyes		James Keyes is a Partner and Local Team Leader of the Funds & Investment Services Team within the Corporate/Commercial Practice Group of Appleby Spurling Hunter, an international law firm.
Alexander Pertsovsky	Director	Alexander Pertsovsky is Deputy CEO, Head of Equity Product Group.

Director biographies:

Chris Baxter is a Managing Director and Co-Head of the Investment Banking and Finance Department of the Guarantor. He has served on the board of directors of the Guarantor since 2004. Prior to joining Renaissance Capital, Mr. Baxter worked at Merrill Lynch (1996-2003), where, in his last position, he was Managing Director and Head of the combined Energy and Power Division in Europe. Mr. Baxter received a First Class Masters Degree in Engineering from Imperial College, London University. He was awarded the Shell Scholarship while at Imperial and, upon graduation, was made a fellow of the Royal Society of Arts, Manufactures and Commerce as an award for being the highest graded student in his constituent college.

Hans Jochum Horn is a Managing Director, Head of Business Support Group and Chief Operating Officer of the Guarantor. Prior to joining Guarantor Mr. Hans was the managing partner of Ernst & Young in Russia and the CIS and a member of the Ernst & Young's Global Council from May 2002 until 1 January 2005. Prior to joining Ernst & Young in May 2002, Mr. Horn, worked as head of Arthur Andersen's Russian practice which he helped to establish in 1990.

Mr. Horn is a 1974 Diplom Kaufmann graduate of the University of Mannheim and a State Authorized Public Accountant from Norway. He has been chairman of the Norwegian Association of MBA Graduates, a founding member of the German Chamber of Commerce in Russia, and president of Junior Achievement Russia. He was rated as one of the top 100 business leaders in Russia by Kommersant, a leading Russian newspaper, in 2004.

Stephen Jennings is the Chief Executive Officer and one of the founders of the Group. Mr. Jennings has served as Head of Investment Banking, Head of Sales, and Chief Operating Officer. Prior to establishing Renaissance Capital, Mr. Jennings served as co-head of Credit Suisse First Boston (Moscow) from 1992 to 1995. Before coming to Russia in 1992, Mr. Jennings was with Credit Suisse First Boston in London, where he worked on investment banking and privatisation transactions in Central and Eastern Europe. Previously, he worked for Credit Suisse First Boston and the Treasury in New Zealand, advising the New Zealand and Australian governments on privatisation and state enterprise restructuring and working on a wide variety of private sector M&A and capital markets transactions. Mr. Jennings graduated with a Bachelor of Business Studies degree from Massey University in 1981 and an M.Phil. in Economics with first class honours from the University of Auckland in 1983. Mr. Jennings has been a director of the Guarantor

since 1998 and; President since 2000, Vice President between 1998 and 2000. He has served on the board of directors of the Issuer since 1998 and a number of other companies in the Group.

James Keyes is a Partner and Local Team Leader of the Funds & Investment Services Team within the Corporate/Commercial Practice Group of Appleby Spurling Hunter, an international law firm. Mr. Keyes became a director of the Guarantor during 2005. Prior to joining Appleby Spurling Hunter in 1993, Mr. Keyes was with Freshfields law firm in London from 1989 to 1992. Mr. Keyes attended Oxford University in England and graduated (M.A. with Honours) as a Rhodes Scholar. He was called to the bar of England & Wales in 1991 and to the Bermuda Bar in 1993. Mr. Keyes is a member of the Bermuda International Business Association's committee on collective investment schemes.

Alexander Pertsovsky is a Managing Director and Head of the Equity Products Group of the Guarantor. Prior to joining the Guarantor, Mr. Pertsovsky was a CEO of Rinaco Plus, one of the largest Russian brokerage houses, which Mr. Pertsovsky helped to establish in 1992. Following the 1998 financial crisis in Russia, Mr. Pertsovsky orchestrated the merger of Rinaco Plus with Nikoil Investment Group. From 1998 to 2000, Mr. Pertsovsky served as managing director, responsible for brokerage operations, and a member of the board of directors for the merged group.

Mr. Pertsovsky holds an MBA from Columbia University (awarded in 2002) and a Masters Degree in Applied Mathematics from the Moscow Institute of Radio, Engineering and Automation (awarded in 1991).

Richard Olphert is a Managing Director of the Group. Prior to joining Renaissance Capital, Mr. Olphert was Managing Director of Investment Banking at UFG, a Moscow-based investment bank, and a member of its executive management committee. From 1993 to 1997, Mr. Olphert was a Director of Corporate Finance at PriceWaterhouse, working in Moscow and New York. Prior to relocating to Russia in 1993, Mr. Olphert gained banking and transaction experience in PriceWaterhouse's Australasian banking business advisory group. In 1989 Mr. Olphert attended the University of Auckland and obtained a Bachelor of Commerce degree in Finance and Accounting. Mr. Olphert has been a director and Vice President of the Guarantor since 2002; he has served on the board of directors of the Issuer (since 2002) and a number of other companies in the Group.

The secretary of the Guarantor as at the date of this document is Appleby Corporate Services (Bermuda) Ltd. (Contact: Nicola Burrows). The business address of each of the Directors and the Secretary is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda, the registered office of the Guarantor. The telephone number for the Guarantor is +1 441 295 2244.

To the knowledge of the Issuer the duties owed by the members of the board of directors to the Issuer do not give rise to any potential conflicts of interest material to the Securities, with such members' private interests or other duties owed to other entities.

There is no statutory corporate governance regime in place in Bermuda. The Issuer and Guarantor are in compliance with Bermuda company law, which includes, for example, provisions relating to directors' duties.

Major Shareholders

Mr. Stephen Jennings, Mr. Richard Olphert and the current managers and employees of the companies in the Renaissance Capital group are the only beneficial owners of the Guarantor. Mr. Jennings indirectly controls the Guarantor.

Other than as provided for under Bermuda law in the Bye-laws of the Guarantor, there are no specific measures in place to prevent the abuse of control over the Issuer.

TAXATION

Prospective purchasers of Securities should consult their own tax advisers regarding the application of information reporting and backup withholding to their particular circumstances, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Potential purchasers of Securities are advised to consult their own tax advisers as to the tax consequences of transactions involving the Securities.

GENERAL TAXATION INFORMATION

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of transfer in addition to the issue price or purchase price (if different) of the Securities.

Transactions involving Securities may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

Condition 18 as set out under “*Terms and Conditions of the Securities*” should be considered carefully by all potential purchasers of Securities.

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

The provisions of the European Union Council Directive on the taxation of savings income became operative on July 1, 2005. Under this Directive Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period, Belgium, Luxembourg and Austria will instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax in substantially the same circumstances as envisaged by the Directive. Holders of the Securities who are individuals should note that should any payment in respect of the Securities be subject to withholding imposed as a consequence of the Directive or under the equivalent legislation, no additional amounts would be payable by the Issuer.

IRISH TAX INFORMATION

The following is a summary of the Irish withholding tax and Irish stamp duty consequences of the purchase, ownership and disposition of the Securities. The summary does not deal with any other taxes and does purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities. The summary does not deal with the tax position of Irish resident investors.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Securities should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Securities.

Irish Withholding Tax

No charge to Irish withholding tax will arise upon payments on the Securities as such payments are not charged with tax under Schedule D of the Irish Taxes Consolidation Act 1997.

If the payments on the Securities are entrusted to an Irish paying agent or are collected by an Irish collecting agent then Irish encashment tax may be required to be withheld at the standard rate (currently 20 per cent.) from the payments made by the relevant agent. Relief from encashment tax may be available to beneficial owners of Securities that are not resident in Ireland who make declarations in the required form.

Stamp duty

No charge to Irish stamp duty will be payable on the issue of the Securities. No charge to Irish stamp duty will be payable on the transfer of the Securities unless the document (if any) conveying or transferring the Securities relates to any stocks or marketable securities of a company (other than a company which is a collective investment undertaking) which is registered in Ireland.

BERMUDA TAXATION

At the date of this Base Prospectus, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Issuer or its shareholders, other than shareholders ordinarily resident in Bermuda. The Issuer is not subject to stamp duty on the issue, transfer or redemption of its shares.

The Issuer has received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016 be applicable to the Fund or to any of its operations, shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Issuer or any land leased or let to the Issuer.

As an exempted company, the Issuer is liable to pay the Bermuda Government an annual registration fee at a rate not exceeding US\$1,780 based on its "assessable capital".

SELLING RESTRICTIONS

In respect of each series of Securities issued under the Programme a Dealer may, by entering into a purchase agreement, agree with the Issuer the basis upon which it agrees to purchase Securities. Any such agreement will extend to those matters stated under “*Terms and Conditions of the Securities*” above.

United States of America

The Securities have not been and will not be registered under the Securities Act and may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons. No U.S. person may at any time purchase, trade or maintain a position in the Securities. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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

European Economic Area

In relation to each Member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The Republic of Ireland

Except in the circumstances referred to above in the section entitled “*European Economic Area*”, the Dealer has confirmed, and each further Dealer appointed under the Programme will confirm, that it has not offered or sold and will not offer or sell any Securities other than pursuant to a ‘prospectus’ approved and filed with the Irish Financial Services Regulatory Authority (or any delegated Competent Authority (as defined in the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (the “**Irish Prospectus Regulations**”)) pursuant to the Irish Prospectus Regulations and Irish Prospectus law (as such term is defined in the Irish Investment Funds, Companies and Miscellaneous Provisions Act, 2005).

To the extent applicable, the Dealer has confirmed, and each further Dealer appointed under the Programme will confirm, that it has not and will not offer to sell any Securities other than in compliance with the EU Directive 2003/6/EC on insider dealing and market manipulation and the Irish Prospectus Regulations.

Bermuda

Although incorporated in Bermuda, the Issuer has been classified as non-resident of the Bermuda Exchange Control area by the Bermuda Monetary Authority (the “**BMA**”) for exchange control purposes. Issues and transfers of Securities require specific prior authorisation under the Exchange Control Act 1972 of Bermuda, and regulations thereunder. Under the terms of the consent given to the Issuer by the BMA, the issue of the Securities by the Issuer pursuant to the Programme may be effected without further permission from the BMA. Any transfers of such Securities pursuant to the Programme that are listed on the Bermuda Stock Exchange or any other Appointed Stock Exchange (as defined in the Companies Act 1981 of Bermuda, as amended) may be effected without further permission from the BMA during such time as those Securities remain so listed. The transfer of such Securities pursuant to the Programme that are not listed on an Appointed Stock Exchange among the following: (i) Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act); and (ii) persons who trade and invest in securities in the conduct of a profession or business, may be effected without further permission from the BMA. Accordingly, each Dealer has represented and agreed that it has not offered or sold and will not offer or sell any Securities to persons who do not fall into one of the categories listed above.

General

No action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor or any Dealer that would permit a public offering of Securities, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

With regard to each issue of Securities, each Dealer has severally agreed with the Issuer that it will observe all applicable laws and regulations in any country or jurisdiction in which it may offer, sell or deliver Securities and that it will not, directly or indirectly, offer, sell or deliver Securities or distribute or publish any prospectus, circular, advertisement or other offering material in relation to the Securities in or from any country or jurisdiction except under circumstances that will to the best of its knowledge and belief result in compliance with any applicable laws and regulations and all offers, sales and deliveries of Securities by it will be made on the foregoing terms.

Each purchaser of Securities must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver the Securities and it may not, directly or indirectly, offer, sell, resell, reoffer or deliver any Securities or distribute this Base Prospectus or any circular, advertisement or other offering material (including, without limitation, any supplement to this Base Prospectus) and the most recently published audited financial statements of the Guarantor in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Neither the Issuer, the Guarantor, nor any Dealer represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each series of Securities, any Dealer will be required to comply with such other restrictions as shall be set out in the relevant Final Terms or Prospectus.

The restrictions on offerings may be modified by the agreement of the Issuer, the Guarantor and the Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set forth in the relevant Final Terms or Prospectus or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Securities under the Programme were duly authorised by resolutions of the Board of Directors of the Issuer and the Guarantor dated August 31, 2006.

Listing

J.P. Morgan (Ireland) plc has been appointed as Irish Listing Agent for the purposes of the issue of listed Securities on the Irish Stock Exchange. The admission of the Programme to Listing on the Irish Stock Exchange is expected to take effect on or around August 31, 2006.

Documents Available for Inspection or Collection

From the date hereof, so long as any of the Securities remains outstanding and throughout the life of the Programme, copies of the following documents will, when available, be available in physical form during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) for inspection; and copies will, when available, also be obtainable free of charge from the registered office of the Issuer and from the specified office of the Principal Securities Agent for the time being free of charge:

- (i) the constitutional documents of the Issuer and the Guarantor;
- (ii) the consolidated audited annual financial statements, together with the audit report thereon, of the Guarantor in respect of the financial years ended December 31, 2005 and December 31, 2004;
- (iii) all future annual or interim consolidated audited or unaudited financial statements published by the Guarantor;
- (iv) the Securities Agency Agreement and the Guarantee;
- (v) this Base Prospectus;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms or Prospectus (save that the Final Terms or Prospectus relating to an unlisted Security will only be available for inspection by a Holder of such Security and such Holder must produce evidence satisfactory to the Issuer and the Trustee as to its holding of Securities and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (vii) any reports, letters and other documents, historical financial information, valuations and statements prepared by any expert, any part of which is included or referred to in this Base Prospectus, at the Issuer's request; and
- (viii) such other documents (if any) as may be required by any stock exchange on which any Security is at the relevant time listed.

Proceedings

Save as disclosed in this Base Prospectus, there has been no governmental, legal or arbitration proceedings (including any such which are pending or threatened of which the Issuer or the Guarantor is aware) during the period covering at least the twelve months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effect on the Issuer's or the Guarantor's financial position or profitability.

Post issuance transaction information

Unless specifically indicated in the Final Terms or Prospectus in relation to a particular issue of Securities, the Issuer does not intend to provide post-issuance transaction information.

Auditors

The consolidated financial statements of the Guarantor for the years ended December 31, 2005, 2004 and 2003 were prepared in accordance with International Financial Reporting Standards and were audited by Ernst & Young LLC, of 77 Sadovnicheskaya nab., Moscow 115035, Russian Federation, independent public auditors of the Guarantor and the Group for that period and unqualified opinions have been given thereon and in accordance with International Standards on auditing. Ernst & Young LLC is a corporate member of The Institute of Professional Accountants of Russia (IPAR).

No significant change

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer and the Guarantor and its subsidiaries (taken as a whole) or any material adverse change in the financial position or prospects of the Issuer or the Guarantor and its subsidiaries (taken as a whole) since December 31, 2005, being the last date to which the Guarantor's latest published audited accounts were made up.

Material Contracts

Neither the Issuer nor the Guarantor, nor any of the Guarantor's subsidiaries, has entered into any contract outside the ordinary course of its business which could result in the Issuer, the Guarantor or any member of their group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the holders of the Securities in respect of the Securities being issued or to the Guarantor's ability to meet its obligations under the Guarantee.

Clearing System

The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and the International Securities Identification Number in relation to each series of Securities will be specified in the Final Terms or Prospectus relating thereto. The relevant Final Terms or Prospectus shall specify any other clearing system as shall have accepted the relevant Securities for clearance together with any appropriate information.

REGISTERED OFFICE OF THE ISSUER

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Bermuda

REGISTERED OFFICE OF THE GUARANTOR

Renaissance Capital Holdings Limited

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Hamilton HM12
Bermuda

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AGENT**

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IRISH LISTING AND IRISH SECURITIES AGENT

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Ireland

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Ernst & Young LLC

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