PRICING SUPPLEMENT FOR UNSUBORDINATED NOTES

Absa Bank Limited

(Incorporated with limited liability in South Africa under registration number 1986/004794/06)

Issue of ZAR 5,103,000 **in respect of an**

Integrated Note

Under its ZAR 60,000,000,000.00 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Integrated Notes described in this Pricing Supplement.

This Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Absa Bank Limited dated 11 August 2008, as amended. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

Any capitalised terms not defined in this Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions of the Unsubordinated Notes. References in this Pricing Supplement to the Terms and Conditions are to the section of the Programme Memorandum "*Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Tier 3 Notes*". References to any Condition in this Pricing Supplement are to that Condition of the Terms and Conditions.

DESCRIPTION OF THE NOTES

1.	Issuer	Absa Bank Limited
2.	Status of Notes	Unsubordinated Notes
3.	(a) Tranche Number (b) Series Number	1 ABN71
4.	Aggregate Principal Amount	ZAR 5,103,000
5.	Interest/Payment Basis	Zero Coupon
6.	Form of Notes	Registered Notes
7.	Secured	No
8.	Automatic/Optional Conversion from one Interest/Payment Basis to another	Not Applicable
9.	(a) Issue Date (b) Trade Date	08 April 2013 28 March 2013 (Provided, however, that if the Trade Date is not a Trading Day, then that date will be the next following Trading Day.)
10.	Business Centre	Not Applicable
11.	Additional Business Centres	Not Applicable
12.	Specified Denomination	ZAR1,000.00
13.	Issue Price	100%
14.	Interest Commencement Date	Not Applicable
15.	Maturity Date	29 March 2016 (Provided, however, that if the Maturity Date is not a Trading Day, then that date will be the next following Trading Day.)
16.	Specified Currency	ZAR (South African Rand)

17. Applicable Business Day Convention	Following Business Day Convention
18. Calculation Agent	Absa Corporate and Investment Bank , a division of Absa Bank Limited
19. Specified Office of the Calculation Agent	Johannesburg
20. Paying Agent	Not Applicable
21. Specified Office of the Paying Agent	Not Applicable
22. Transfer Agent	Not Applicable
23. Specified Office of the Transfer Agent	Not Applicable
24. Final Redemption Amount	Provided that a Early Termination Amount Event (as described in 54(c) below) has not occurred prior to the Maturity Date, each Note will (on the Maturity Date) be redeemed by the Issuer at its Final Redemption Amount as determined by the Calculation Agent in accordance with the following: (i) If the FinalBasketPerformance on Maturity Date is greater than or equal to 70%, APA * 100% (ii) Otherwise, APA * FinalBasketPerformance Where: "FinalBasketPerformance" = $\sum_{i=1}^{3} W_{(i)} * \left[\frac{P_{(i)Final}}{P_{(i)Initial}} \right]$ "i" means, a number from 1 to 3 inclusive with the iteration of "i" representing the relevant Commodity in the Commodity Basket, as set out in Annex A; "$W_{(i)}$" means, the individual weighting of the relevant Commodity$_{(i)}$ in the Commodity Basket, as set out in Annex A; "$P_{(i)Initial}$" means, the relevant price for the relevant Commodity$_{(i)}$ in the Commodity Basket on the Trade Date as set out in Annex A; and "$P_{(i)Final}$" means, the relevant price of the relevant Commodity$_{(i)}$ in the Commodity Basket on the Maturity Date as determined by the Calculation Agent. "APA" means Aggregate Principal Amount "*" means "multiplied by".
24.1. Settlement Date of Final Redemption Amount	Five Business Days following the Maturity Date (the "Initial Settlement Date"), provided that if a Market Disruption Event occurs on the Maturity Date, the Settlement Date of the Final Redemption Amount shall be the later to occur of (i) the Initial Settlement Date and (ii) the date falling Five Business Days after the determination of the Final Redemption Amount in accordance with the Disruption Fallbacks section below.
PARTLY PAID NOTES	
25. Amount of each payment comprising the Issue Price	Not Applicable
26. Date upon which each	Not Applicable

payment is to be made by Noteholder	
27. Consequences (if any) of failure to make any such payment by Noteholder	Not Applicable
28. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments	Not Applicable
INSTALMENT NOTES	
29. Instalment Dates	Not Applicable
30. Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes)	Not Applicable
FIXED RATE NOTES	
31. (a) Fixed Interest Rate	Not Applicable
(b) Interest Payment Date(s)	Not Applicable
(c) Initial Broken Amount	Not Applicable
(d) Final Broken Amount	Not Applicable
(e) Any other terms relating to the particular method of calculating interest	Not Applicable
FLOATING RATE NOTES	
32. (a) Interest Payment Date(s)	Not Applicable
(b) Interest Period(s)	Not Applicable
(c) Definitions of Business Day (if different from that set out in Condition 1 of the Ordinary Conditions)	Not Applicable
(d) Minimum Interest Rate	Not Applicable
(e) Maximum Interest Rate	Not Applicable
(f) Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 6 of the Ordinary Conditions)	Not Applicable
33. Manner in which the Interest Rate is to be	Not Applicable

determined	
34. Margin	Not Applicable
35. If ISDA Determination	
(a) Floating Rate	Not Applicable
(b) Floating Rate Option	Not Applicable
(c) Designated Maturity	Not Applicable
(d) Reset Date(s)	Not Applicable
36. If Screen Determination	
(a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	Not Applicable
(b) Interest Determination Date(s)	Not Applicable
(c) Relevant Screen Page and Reference Code	Not Applicable
37. If Interest Rate to be calculated otherwise than by reference to the previous 2 sub-paragraphs, insert basis for determining Interest Rate/Margin/Fall back provisions	Not Applicable
38. If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	Not Applicable
MIXED RATE NOTES	
39. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:	Not Applicable
(a) Fixed Rate Notes	Not Applicable
(b) Floating Rate Notes	Not Applicable
(c) Indexed Notes	Not Applicable
(d) Other Notes	Not Applicable
ZERO COUPON NOTES	
40. (a) Implied Yield	Not Applicable
(b) Reference Price	Not Applicable
(c) Any other formula or basis for determining amount(s) payable	Not Applicable
INDEXED NOTES	
41. (a) Type of Indexed Notes	Not Applicable

(b) Formula by reference to which Final Redemption Amount is to be determined	Not Applicable
(c) Manner in which the Final Redemption Amount is to be determined and calculated	Not Applicable
(d) Interest Period	Not Applicable
(e) Interest Payment Date(s)	Not Applicable
(f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	Not Applicable
(g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable	Not Applicable
EXCHANGEABLE NOTES	
42. Mandatory Exchange applicable?	No
43. Noteholders' Exchange Right applicable?	No
44. Exchange Securities	Not Applicable
45. Manner of determining Exchange Price	Not Applicable
46. Exchange Period	Not Applicable
47. Other	Not Applicable
PROVISIONS REGARDING EARLY REDEMPTION	
48. Prior consent of Registrar of Banks required for any redemption prior to the Maturity Date	No
49. Redemption at the option of the Issuer	Yes, for any reason including, without limitation, a Change in Law, Hedging Disruption and Increased Cost of Hedging: Where: "Change in Law" means that the Issuer determines that, due to the adoption of or any change in any law (including, without limitation, the Dodd Frank Wall Street Transparency and Accountability Act of 2010 (Public Law 111–203, 124 Stat. 1376 (2010)) (the "Dodd-Frank Act")), regulation (including, without limitation, any regulations implementing the Dodd-Frank Act), ruling or order (or the interpretation or administration thereof) by any competent authority or exchange (an "Applicable Law") occurring after the Trade Date of this Integrated Note or there is any change in the interpretation of Applicable Law adopted by the Issuer at the Trade Date (including, without limitation, any Applicable Law relating to tax or exchange control): (A) it has or will become contrary to Applicable Law for the Issuer to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any positions or contracts determined by the Issuer in its sole discretion to be necessary to hedge, on an individual trade or portfolio basis, its exposure in terms of this

	Note (or any other relevant price risk including, but not limited to, the currency risk or commodity price risk) to the Issuer's satisfaction ("Hedge Positions") (including, without limitation, where such Hedge Positions would contribute to the breach of applicable position limits set by any exchange, trading facility or competent authority); or (B) the Issuer will incur a materially increased cost in managing any Hedge Positions (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); "Hedging Disruption" means that the Issuer determines that it is unable or it will become unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Positions (including, without limitation, where such Hedge Positions would contribute to the breach of applicable position limits set by any exchange, trading facility or competent authority or as a result of any adjustment(s) to the exposure(s) underlying this Note); and "Increased Cost of Hedging" means that the Issuer determines that it has incurred or it would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (including brokerage commissions) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Positions.
if yes:	
(a) Optional Redemption Date(s)	Not Specified
(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	The Optional Redemption Amount shall be an amount in the same currency as the denomination of the Notes determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and shall be net of any costs or losses incurred by the Issuer as a result of such early repayment, including (but without limitation) the cost (if any) of terminating any related hedging transactions ("Hedge Positions") and any tax that may be incurred by the Issuer and shall be notified by the Calculation Agent to the parties on the seven Business Day immediately following the relevant Optional Redemption Date. It being expressly accepted by the Noteholder that, in the event of early redemption, the Noteholder may lose some of the Aggregate Principal Amount.
(c) Minimum period of notice (if different from if different to Condition 11.4 of the Ordinary Conditions)	One Business Day
(d) If redeemable in part: Minimum Redemption Amount(s)	ZAR 20,000.00
(e) Approval(s) of Registrar of Banks	Not Applicable
(f) Other terms applicable on Redemption	None
50. Redemption at the option of the Issuer:	Yes
if yes:	
a) First Optional Redemption Date	31 December 2013
b) Optional Redemption	Not Applicable

Date(s)	
c) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	Not Applicable
d) Minimum period of notice	30 days
e) If redeemable in part:	Not Applicable
51. Approval(s) of Registrar of Banks	Not Applicable
52. Other terms applicable on Redemption	See Change in Law, Hedging Disruption and Increased Cost of Hedging in respect of an affiliate of the Issuer above.
53. Redemption at the option of the Noteholders:	Yes
If yes:	
(a) Optional Redemption Date(s)	Not Specified
(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	The Optional Redemption Amount shall be an amount in the same currency as the denomination of the Notes determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and shall be net of any costs or losses incurred by the Issuer as a result of such early repayment, including (but without limitation) the cost (if any) of terminating any related hedging transactions ("Hedge Positions") and any value-added tax that may be incurred by the Issuer and shall be notified by the Calculation Agent to the parties on the seven Business Day immediately following the relevant Optional Redemption Date. It being expressly accepted by the Noteholder that, in the event of early redemption, the Noteholder may lose some of the Aggregate Principal Amount.
(c) Minimum period of notice (if different to Condition 11.5 of the Ordinary Conditions)	One Business Day
(d) If redeemable in part: Minimum Redemption Amount(s)	ZAR 20,000.00
(e) Other terms applicable on Redemption	The Optional Redemption Amount will be payable on the day that is five Business Days following the Optional Redemption Date provided however that if a Market Disruption Event occurs on the Optional Redemption Date then: (i) the Optional Redemption Amount payable on the Optional Redemption Date shall be calculated by reference to the preliminary Relevant Commodity Price available for the Optional Redemption Date; and (ii) following the determination of the final Relevant Commodity Price for the Optional Redemption Date pursuant to the Disruption Fallback provisions below, the Calculation Agent shall notify the parties of such final Relevant Commodity Price and the amount (if any) that is payable by the relevant party as a result of that determination (the "Optional Redemption Correction Amount"). The Optional Redemption Correction Amount shall be payable by the relevant party on the day that is five Business Days following the determination of the Optional Redemption Correction Amount.
(f) Attach *pro forma* put notice(s)	Not Applicable
54. Early Redemption	Applicable

<table>
<tr><td>Amount(s)</td><td></td></tr>
<tr><td>(a) Early Redemption Amount (Regulatory)</td><td>Applicable – See Change in Law above</td></tr>
<tr><td>(b) Early Redemption Amount (Tax)</td><td>Applicable – See Change in Law above</td></tr>
<tr><td>(c) Early Termination Amount</td><td>

If, on any Anniversary Date$_{(t)}$, the BasketPerformance$_{(t)}$ is greater than or equal to 100% ("Early Termination Amount Event"), the Notes will automatically terminate early on the relevant Settlement Date and the Issuer will pay the holder of the Notes the relevant Specified Early Cash Settlement Amount outlined in the table below.

Where:

$$\text{BasketPerformance}_{(t)} = \sum_{i=1}^{3} W_{(i)} * \left[\frac{P_{(i,t)}}{P_{(i)Initial}} \right]$$

"i" means, a number from 1 to 3 inclusive with the iteration of "i" representing the relevant Commodity in the Commodity Basket, as set out in Annex A;

"$W_{(i)}$" means the weight of the Relevant Commodity$_{(i)}$ in the Basket, as set out in Annex A;

"$P_{(i)Initial}$" means the Relevant Commodity Price for the Relevant Commodity$_{(i)}$ in the Basket on the Trade Date;

"$P_{(i,t)}$" means, for any Anniversary Date$_{(t)}$, the Relevant Commodity Price for the Relevant Commodity$_{(i)}$ in the Basket on such Anniversary Date$_{(t)}$;

"Anniversary Date$_{(t)}$" and the corresponding "Specified Early Cash Settlement Amount" shall be as set out in the table below:

"APA" means Aggregate Principal Amount

"*" means "multiplied by".

<table>
<tr><td>t</td><td>Anniversary Date$_{(t)}$</td><td>Specified Early Cash Settlement Amount</td></tr>
<tr><td>1</td><td>28/03/2014</td><td>APA + APA * (1 * 11%)</td></tr>
<tr><td>2</td><td>30/03/2015</td><td>APA + APA * (2 * 11%)</td></tr>
<tr><td>3</td><td>29/03/2016</td><td>APA + APA* (3 * 11%)</td></tr>
</table>

</td></tr>
<tr><td>(d) Settlement Date of Early Termination Amount</td><td>Five Business Days following the Anniversary Date$_{(t)}$, (the "Initial Settlement Date"), provided that if a Market Disruption Event occurs on the Anniversary Date$_{(t)}$,, the Settlement Date of the Early Termination Amount shall be the later to occur of (i) the Initial Settlement Date and (ii) the date falling Five Business Days after the determination of the Early Termination Amount in accordance with the Disruption Fallbacks section below.</td></tr>
<tr><td></td><td></td></tr>
<tr><td>GENERAL</td><td></td></tr>
<tr><td>55. Additional selling restrictions</td><td>Not Applicable</td></tr>
<tr><td>56. (a) International Securities Numbering (SIN)</td><td>ZAG000104555</td></tr>
</table>

	(b) Stock Code	ABN71
57.	Financial Exchange	JSE
58.	Method of distribution	Private Placement
59.	If syndicated, names of managers	Not Applicable
60.	Receipts attached? If yes, number of Receipts attached	No
61.	Coupons attached? If yes, number of Coupons attached	No
62.	Talons attached? If yes, number of Talons attached	No
63.	Credit Rating assigned to Notes (if any)	No
64.	Stripping of Receipts and/or Coupons prohibited as provided in Condition 15.4 of the Ordinary Conditions?	Yes
65.	Governing law (if the laws of South Africa are not applicable)	Not Applicable
66.	Other Banking Jurisdiction	Not Applicable
67.	Last Day to Register	Five Business Days before the Maturity Date which shall mean that the "Books Closed Period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Maturity Date.
68.	Stabilisation Manager (if any)	None
69.	Pricing Methodology	Not Applicable
70.	Authorised amount of the Programme	ZAR60,000,000,000.00
71.	Other provisions	Applicable, see below
71.1	Market Disruption Events	Notwithstanding the definition of Market Disruption Event in the Programme, the Calculation Agent shall determine if a Market Disruption Event has occurred with reference to market disrupting events including (but not limited to): • price source disruption; • trading disruption; • disappearance of commodity reference price; • material change in formula; and • material change in content.

71.2	Disruption Fallback(s)	The Calculation Agent shall determine the relevant disruption fallback with reference to the following disruption fallbacks including (but not limited to): • fallback reference price; • delayed publication or announcement; • postponement; • fallback reference dealers; • no fault termination; and • Calculation Agent determination.
71.3	Trading Day	Means a day when: the exchanges of all relevant commodity futures contracts are open for trading.
71.4	Business Day	Means a day on which commercial banks settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Johannesburg, London and New York.
71.5	Risk Factors and disclaimers	See Annex B

Responsibility

The Applicant Issuer certifies that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Placing Document contains all information required by law and the JSE Listings Requirements, The Applicant Issuer shall accept full responsibility for the accuracy of the information contained in the Placing Document, Pricing Supplements and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

The JSE takes no responsibility for the contents of the Placing Document, Pricing Supplements, or the annual report (as amended or restated from time to time) or the amendments to the annual report, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of Placing Document, Pricing Supplements, or the annual report (as amended or restated from time to time) or the amendments to the annual report. The Applicant Issuer shall accept full responsibility for the accuracy of the information contained in the Placing Document Pricing Supplements, and the annual report or the amendments to the annual report, except as otherwise stated therein.

ABSA BANK LIMITED

Issuer

By: J VON SOLMS

Duly authorised

Date: 5/4/2013

By: M HARVEY.

Duly authorised

Date: 5/4/2013.

Annex A

Commodity Basket

The value of the Integrated Note can be obtained on Reuters screen page ABCAPCOMMOD02.

i	$\text{Commodity}_{(i)}$	$W_{(i)}$	$P_{(i)}\text{Initial}$	Commodity Reference Price	Specified Price	Delivery Date
1	Oil-Brent	1/3	110.02	OIL-BRENT-ICE FUTURES	Official settlement price	First nearby month (second nearby month for any relevant date which falls on the last trading day of the relevant futures contract)
2	Gasoline RBOB	1/3	3.1054	GASOLINE RBOB-NEW YORK-NYMEX	Official settlement price	First nearby month
3	Gas Oil	1/3	915.50	GAS OIL-ICE FUTURES	Official settlement price	First nearby month (second nearby month for any relevant date which falls on the last trading day of the relevant futures contract)

Annex B

1 Risk Factors, disclaimers and further information relating to Integrated Notes

Notes linked to a commodity basket investment have a different risk profile to other notes. The return on such notes is linked to the performance of a commodity basket investment. Investing in such notes is not equivalent to investing directly in the relevant commodities.

This section describes additional factors to which prospective investors should have regard when considering an investment in notes linked to a commodity basket investment. Prospective investors are also referred to the factors set out in the section of the Programme headed "Risk Factors".

1.1 Risks associated with all commodity related investments

The market value of a commodity related investment may be influenced by many unpredictable factors and may fluctuate between the date of purchase and the applicable maturity date(s). Investors may also sustain a significant loss if they sell a commodity related investment in the secondary market. Several factors, many of which are beyond the control of the Issuer, will influence the market value of a commodity related investment. It is expected that generally the value of the commodities in a commodity related investment will affect the market value of the commodity related investment more than any other factor. Other factors that may influence the market value of a commodity related investment include:

- prevailing spot prices for the relevant commodities underlying a commodity related investment;
- the time remaining to the redemption, exercise or expiration, as applicable, of a commodity related investment;
- supply and demand for a commodity related investment;
- economic, financial, political, regulatory, geographical, biological, or judicial events that affect the market price of the relevant commodities;
- the general interest rate environment; and
- the creditworthiness of the Issuer.

These factors interrelate in complex ways, and the effect of one factor on the market value of a commodity related investment may offset or enhance the effect of another factor.

1.1.1 Commodity prices may change unpredictably, affecting the value of the relevant commodities and the value of a commodity related investment in unforeseeable ways.

For example, trading in futures contracts on physical commodities, including trading in the components of a commodity related investment, is speculative and can be extremely volatile. Market prices may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of a commodity. These factors may affect the value of the relevant commodities and therefore the value of a commodity related investment in varying ways, and different factors may cause the prices of relevant commodities and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

1.1.2 Supply of and demand for physical commodities tends to be particularly concentrated, so prices are likely to be volatile.

The prices of physical commodities, including the commodities underlying a commodity related investment, can fluctuate widely due to supply and demand disruptions in major producing or consuming regions or industries.

Certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity. Moreover, recent growth in industrial production and gross domestic product has made China and other developing nations oversized users of commodities and has increased the extent to which certain commodities rely on the those markets. Political, economic and other developments that affect those countries may affect the value of the relevant commodities included in a commodity related investment.

In addition, because certain relevant commodities and certain of the commodities underlying a commodity related investment may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in such countries or with such produces could have a disproportionate impact on the prices of such commodities and therefore the value of a commodity related investment.

1.1.3 Suspension or disruptions of market trading in commodities and related futures contracts may adversely affect the value of Indexed Investments.

Commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in some futures contract prices that may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price has been reached in a particular contract, no trades may be made at a price beyond the limit, or trading may be limited for a set period of time. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at potentially disadvantageous times or prices. These circumstances could adversely affect the value of any relevant Commodities and, therefore, the value of commodity related investments.

1.1.4 Concentration risks associated with a relevant commodities may adversely affect the value of commodity related investments.

Because commodity related investments are linked to one or more relevant commodities comprised of one or more contracts on physical commodities, it will be less diversified than other funds, investment portfolios or indices investing in or tracking a broader range of products and, therefore, could experience greater volatility. Investors should be aware, in particular, that some commodity related investments are more diversified than others in terms of both the number of and variety of futures contracts (especially in the case of the commodity related investments linked to a sub-index of a commodity index). An investment in commodity related investments may carry risks similar to a concentrated securities investment in a limited number of industries or sectors, in one industry or sector or in one issuer.

1.1.5 Future prices of commodities within a commodity related investment that are different relative to their current prices may result in a reduced amount payable or deliverable upon redemption or exercise.

Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. As the exchange-traded futures contracts that comprise a commodity related investment approach expiration, they are replaced by similar contracts that have a later expiration. Thus, for example, a futures contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October may be replaced by a contract for delivery in November. This process is referred to as "rolling". If the market for these contracts is (putting aside other considerations) in "backwardation", which means that the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a "roll yield". The actual realization of a potential roll yield will be dependent upon the level of the related spot price relative to the unwind price of the commodity futures contract at the time of sale of the contract. While many of the contracts included in commodity related investments have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. Moreover, certain of the commodities reflected in commodity related investments have historically traded in "contango" markets. Contango markets are those in which the prices of contracts are higher in the distant delivery months than in the nearer delivery months. The absence of backwardation in the commodity markets could result in negative "roll yields", which could adversely affect the value of a commodity related investment and, accordingly, decrease the amount received by Investors upon redemption or exercise.

1.1.6 Commodity related investments may include contracts that are not traded on regulated futures exchanges.

Commodity related investments are typically based solely on futures contracts traded on regulated futures exchanges. However, a commodity related investment may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the provisions of, and the protections afforded by, for example, the U.S. Commodity Exchange Act of 1936, or other applicable statutes and related regulations, that govern trading on regulated U.S. futures exchanges, or similar statutes and regulations that govern trading on regulated UK futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities, and the inclusion of such contracts in a commodity related investment, may be subject to certain risks not presented by, for example, U.S. or UK exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

1.1.7 Historical values of relevant commodities should not be taken as an indication of future performance. The actual performance of relevant Commodities included in a commodity related investment, as well as the amount payable or deliverable upon redemption or exercise, may bear little relation to the historical values of those relevant commodities which in most cases have been highly volatile.

1.1.8 Changes in the Treasury Bill rate of interest may affect the value of a commodity related investment.

If the value of a commodity related investment is linked, in part, to the Treasury Bill rate of interest that could be earned on cash collateral invested in specified Treasury Bills, changes in the Treasury Bill rate of interest may affect the amount payable or deliverable on any Indexed Investments linked to that commodity related investment upon redemption or exercise and, therefore, the market value of such Indexed Investments. Assuming the trading prices of the commodity components included in the commodity related investment remain constant, an increase in the Treasury Bill rate of interest will increase the value of the commodity related investment and, therefore, the value of the Indexed Investments. A decrease in the Treasury Bill rate of interest will adversely impact the value of the commodity related investment.

1.1.9 Investors will not have rights in any relevant commodities or components of any commodity related investment.

A Investor will not have rights that investors in a relevant commodity or in the components included in a commodity related investment may have. The redemptions will be paid in cash, and you will have no right to receive delivery of any relevant commodities.

1.1.10 If a commodity market disruption event has occurred or exists on a pricing date, the determination of the value of relevant commodities may be delayed or postponed and as a consequence the redemption or exercise of a commodity related investment.

The determination of the value of relevant commodities on a pricing date may be delayed or postponed if the Calculation Agent determines that a commodity market disruption event with respect to any relevant commodity has occurred or is continuing on such valuation date. As a result, the relevant settlement date, exercise date(s), maturity date or expiration date, as the case may be, of the Indexed Investments could also be delayed or postponed. Where a commodity market disruption event occurs on a pricing date and continues for longer than a set period of consecutive days, the Calculation Agent will estimate in a commercially reasonable manner determined in its sole discretion of the value of any relevant commodity for such valuation date.