
PRICING SUPPLEMENT FOR UNSUBORDINATED NOTES

Absa Bank Limited

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

Issue of ZAR30,000,000.00 in respect of an

Integrated Note

Under its ZAR30,000,000,000.00 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

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| 1. | (a) Issuer | Absa Bank Limited |
| | (b) Noteholder | Exxaro Environmental Rehabilitation Fund |
| 2. | Status of Notes | Unsubordinated Notes |
| 3. | (a) Tranche Number | 1 |
| | (b) Series Number | 1 |
| 4. | Aggregate Principal Amount | ZAR30,000,000 constituted as follows:
the aggregate of ZAR20,059,610.94 in respect of each Zero Coupon Investment plus ZAR9,940,389.06 in respect of each Indexed Investment |
| 5. | Interest/Payment Basis | see 48.3 below |
| 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 | 22 September 2010 |
| | (b) Trade Date | 13 September 2010 |
| 10. | Business Centre | Not Applicable |
| 11. | Additional Business Centres | Not Applicable |
| 12. | Specified Denomination | ZAR1,000,000.00 |
| 13. | Issue Price | 100% |
| 14. | Interest Commencement | Not Applicable |

Date

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| 15. Maturity Date | 13 September 2015
(Provided, however, that if the Maturity Date is not a Trading Day, then that date will be the next following Trading Day; and provided, further, that if such next following Trading Day would occur in the following calendar month, that date shall be the immediately preceding Trading Day.) |
| 16. Specified Currency | ZAR (South African Rand) |
| 17. Applicable Business Day Convention | Modified Following Business Day Convention |
| 18. Calculation Agent | Absa Capital (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. Integrated Note Aggregated Return Amount | see 48.3 below |

PARTLY PAID NOTES

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| 25. Amount of each payment comprising the Issue Price | Not Applicable |
| 26. Date upon which each payment is to be made by Noteholder | Not Applicable |
| 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

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| 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

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| 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

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| 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 determined | Not Applicable |
| 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

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| 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 |

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| (b) Floating Rate Notes | Not Applicable |
| (c) Indexed Notes | Not Applicable |
| (d) Other Notes | Not Applicable |

ZERO COUPON NOTES

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| 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

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|---|----------------|
| 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

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| 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 |

OTHER NOTES

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| 48. If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Indexed Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set | Applicable – an Integrated Note (comprising a separate Zero Coupon Investment and a separate Indexed Investment which together are indivisibly linked) |
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out the relevant description and any additional Terms and Conditions relating to such Notes

48.1 ZERO COUPON INVESTMENT

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| (a) | Yield | 9.90% per annum (non compounding) |
| (b) | Principal Amount | ZAR20,059,610.94 |
| (c) | Any other formula or basis for determining amount(s) payable | On the Maturity Date, the Zero Coupon Investment of the Integrated Note will be payable at the Zero Coupon Final Redemption Amount calculated as follows: |

$$ZCFRA = PA + [(PA*Y)/365]*1827$$

Where:

"ZCFRA" means the Zero Coupon Final Redemption Amount of the Zero Coupon Investment;

"PA" means the Principal Amount as specified above; and

"Y" means the Yield as specified above.

48.2 INDEXED INVESTMENT

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| (a) | Formula by reference to which Indexed Final Redemption Amount is to be determined | On the Maturity Date, the Indexed Investment of the Integrated Note will be payable at the Indexed Final Redemption Amount calculated as follows, it being recorded that the Indexed Final Redemption Amount cannot be negative. |
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$$APA * (107\% * \text{Max} (0, \left[\frac{PureBeta_{Final}}{PureBeta_{Initial}} - 1 \right]))$$

Where:

"APA" means the Aggregate Principal Amount as specified above;

"*PureBeta_{Final}*" means the Relevant Commodity Price on the Maturity Date;

"*PureBeta_{Initial}*" means 270.20;

"Relevant Commodity Price" means the official settlement price for the Commodity Index, stated in U.S. Dollars, as published on the Index Sponsor's website (the "Barclays Index Products Website") at the internet address <http://ecommerce.barcap.com/indices> and displayed on Bloomberg Ticker **BCC3C1PP** on the Maturity Date. (The Bloomberg Ticker is provided for information purposes only. If there is any discrepancy between the index level published by the Barclays Index Products Website and the index level published on Bloomberg, the index level published by the Barclays Index Products Website shall prevail);

"Commodity Index" means the Barclays Capital Pure Beta DJ-UBSCI Excess Return Commodity Index;

See above

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| (b) | Manner in which the Indexed Final Redemption Amount is to be determined and calculated |
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| (c) | Interest Period | Not Applicable |
| (d) | Interest Payment Date(s) | Not Applicable |
| (e) | If different from the Calculation Agent, agent responsible for calculating amount of principal and interest | Not different from Calculation Agent |
| (f) | Provisions where calculation by reference to Index and/or Formula is impossible or impracticable | See provisions relating to Market Disruption and Disruption Fallbacks below |
| 48.3 | The Aggregated Return Amount of the Integrated Note (comprising the separate Zero Coupon Investment and the separate Indexed Investment) | The aggregate of the Zero Coupon Final Redemption Amount and the Indexed Final Redemption Amount. |
| 48.4 | Settlement Date of Aggregated Return Amount | 5 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 Aggregated Return Amount shall be the later to occur of (i) the Initial Settlement Date and (ii) the date falling 5 Business Days after the determination of the Aggregated Return Amount in accordance with the Disruption Fallbacks section below. |

**PROVISIONS REGARDING
EARLY REDEMPTION**

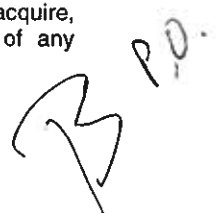
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| 49. | Prior consent of Registrar of Banks required for any redemption prior to the Maturity Date | No |
| 50. | Redemption at the option of the Issuer: | Yes, for any reason including, without limitation, a Change in Law, Hedging Disruption and Increased Cost of Hedging |

Where:

"Change in Law" means that the Issuer determines that, due to the adoption of or any change in any law, regulation, 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 Transaction 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

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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);

"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; and

if yes:

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| (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 fifth 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.

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| (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) | ZAR1,000,000 |
| (e) | Approval(s) of Registrar of Banks | Not Applicable |
| (f) | Other terms applicable on Redemption | None |

51. Redemption at the option of the Noteholders: Yes

If yes:

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| (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 fifth 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)	ZAR1,000,000
(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 <i>pro forma</i> put notice(s)	Not Applicable
52. Early Redemption Amount(s)	
(a) Early Redemption Amount (Regulatory)	Not Applicable
(b) Early Redemption Amount (Tax)	Not Applicable
(c) Early Termination Amount	Not Applicable

GENERAL

53. Additional selling restrictions	Not Applicable
54. (a) International Securities Numbering (SIN)	ZAG000080763
(b) Stock Code	PBET01
55. Financial Exchange	JSE
56. Method of distribution	Private Placement
57. If syndicated, names of managers	Not Applicable
58. Receipts attached? If yes, number of Receipts attached	No
59. Coupons attached? If yes, number of Coupons attached	No
60. Talons attached? If yes, number of Talons attached	No
61. Credit Rating assigned to Notes (if any)	No

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| 62. | Stripping of Receipts and/or Coupons prohibited as provided in Condition 15.4 of the Ordinary Conditions? | Yes |
| 63. | Governing law (if the laws of South Africa are not applicable) | Not Applicable |
| 64. | Other Banking Jurisdiction | Not Applicable |
| 65. | 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. |
| 66. | Stabilisation Manager (if any) | None |
| 67. | Pricing Methodology | Not Applicable |
| 68. | Authorised amount of the Programme | ZAR30,000,000,000.00 |
| 69. | Other provisions | Applicable, see below |
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| 69.1 | Market Disruption Events | <p>Means the occurrence on any day or any number of consecutive days of any one or more of the following circumstances:</p> <ul style="list-style-type: none"> (i) a failure by the applicable exchange or other price source to announce or publish (a) the official settlement price for the Commodity Index or (b) the closing price for any futures contract included as a component in the Commodity Index; (ii) a material limitation, suspension, or disruption of trading in one or more of the futures contracts included as a component in the Commodity Index; or (iii) the closing price for any futures contract included as a component in the Commodity Index is a "limit price" (which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules). |
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69.2 Disruption Fallback(s)

means the following fallback determination mechanism for the Relevant Commodity Price:

- (i) with respect to each futures contract included as a component in the Commodity Index which is not affected by a Market Disruption Event, the price thereof will be based on the closing prices of each such contract on the applicable determination date;
- (ii) with respect to each futures contract included as a component in the Commodity Index which is affected by a Market Disruption Event, the price thereof will be based on the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract;
- (iii) subject to Clause (iv) below, the Calculation Agent shall determine the official settlement price of the Relevant Commodity Price by reference to the closing prices determined in Clauses (i) and (ii) above using the then-current method for calculating the official settlement price; and
- (iv) where a Market Disruption Event with respect to one or more futures contracts included as a component in the Commodity Index continues to exist (measured from and including the first day following the applicable determination date) for five (5) consecutive Trading Days, the Calculation Agent shall determine the Relevant Price in good faith and in a commercially reasonable manner.

69.3 Trading Day

Means a day when:

- (i) the Index Sponsor is open for business in London and New York; and
- (ii) the exchanges of all futures contracts included in the Commodity Index are open for trading.

69.4 Adjustments to Commodity Index

- (i) If the Commodity Index is permanently cancelled or is not calculated and announced by the Index Sponsor but (i) is calculated and announced by a successor index sponsor (the "Successor Index Sponsor") acceptable to the Calculation Agent, or (ii) replaced by a successor index (the "Successor Commodity 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 Relevant Commodity Price, then the Relevant Commodity Price will be deemed to be the price so calculated and announced by that Successor Index Sponsor or that Successor Commodity Index, as the case may be. The Calculation Agent shall inform the Noteholder promptly after the Calculation Agent determines that the Relevant Commodity Price will be deemed to be the price so calculated and announced by that Successor Index Sponsor or that Successor Commodity Index, as the case may be.
- (ii) If on or prior to the Maturity Date, (i) the Index Sponsor makes a material change in the formula for or the method of calculating the Relevant Commodity Price or in any other way materially modifies the

Commodity Index (other than a modification prescribed in that formula or method to maintain the Relevant Commodity Price in the event of changes in constituent commodities and weightings and other routine events), or (ii) if the Index Sponsor permanently cancels the Commodity Index or (iii) fails to calculate and announce the Relevant Commodity Price for a continuous period of 3 Trading Days and the Calculation Agent determines that there is no Successor Index Sponsor or Successor Commodity Index, then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of such (ii) and (iii)) (such events (i) (ii) & (iii) to be collectively referred to as "Commodity Index Disruption Events") calculate the Relevant Commodity Price using, in lieu of the published level for that Commodity Index (if any), the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Relevant Commodity Price last in effect prior to the relevant Commodity Index Disruption Event (as the case may be), but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Commodity Index Disruption Event (as the case may be) (other than those futures contracts that have ceased to be listed on any relevant exchange). The Calculation Agent shall inform the Noteholder promptly after the Calculation Agent becomes aware of such Commodity Index Disruption Event occurring, and in the case of such Commodity Index Disruption Event (i) above, whether or not it intends to exercise such option.

69.5 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 and New York.

69.6 Risk Factors and disclaimers See Annex A

Responsibility

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement. Application is hereby made to list this issue of Notes on the Issue Date.

ABSA BANK LIMITED

Issuer

By: Bissch (J.M. Bisschoff)

duly authorised

Date: 17/09/2010

By: Ann: (P.O. Bisschoff)

duly authorised

Date: 17/09/2010

Annex A

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

Notes linked to commodities ("Integrated Notes") have a different risk profile to other Notes. The return on Integrated Notes is linked to the performance of a Relevant Commodity or Commodity Index or the Zero Coupon Investment. Investing in Integrated Notes is not equivalent to investing directly in the Relevant Commodity, Commodity Index, the underlying Commodity Index components or the Zero Coupon Investment.

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

1.1 Risks Associated with all Indexed Investments

The market value of Indexed Investments 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 Indexed Investments in the secondary market. Several factors, many of which are beyond the control of the Issuer and/or the Guarantor (if applicable), will influence the market value of Indexed Investments. It is expected that generally the value of the Relevant Commodity or the value of the Commodity Index components and of the Commodity Index underlying the Indexed Investments will affect the market value of those Indexed Investments more than any other factor. Other factors that may influence the market value of Indexed Investments include:

- prevailing spot prices for the Relevant Commodity or commodities underlying the Commodity Index;
- the time remaining to the redemption, exercise or expiration, as applicable, of the Indexed Investments;
- supply and demand for the Indexed Investments;
- economic, financial, political, regulatory, geographical, biological, or judicial events that affect the market price of the underlying Relevant Commodity or the level of the Commodity Index or the market price of the components included in the Commodity Index;
- the general interest rate environment; and
- the creditworthiness of the Issuer and/or Guarantor.

These factors interrelate in complex ways, and the effect of one factor on the market value of the Indexed Investments may offset or enhance the effect of another factor.

1.1.1 Commodity prices may change unpredictably, affecting the value of Relevant Commodities or Commodity Indices and the value of Indexed Investments in unforeseeable ways.

For example, trading in futures contracts on physical commodities, including trading in the components of a Commodity Index, 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 Commodity or Commodity Index underlying Indexed Investments and therefore the value of Indexed Investments in varying ways, and different factors may cause the prices of Relevant Commodities or Commodity Index components, 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 Index, 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 those markets. Political, economic and other developments that affect those countries may affect the value of a Relevant Commodity or the commodities included in a Commodity Index and, thus, the value of Indexed Investments linked to that Relevant Commodity or Commodity Index.

In addition, because certain Relevant Commodities and certain of the commodities underlying a Commodity Index 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 producers could have a disproportionate impact on the prices of such commodities and therefore the value of Indexed Investments.

- 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 Commodity or Commodity Index underlying Indexed Investments and, therefore, the value of those Indexed Investments.

- 1.1.4 Concentration risks associated with a Relevant Commodity or Commodity Index may adversely affect the value of Indexed Investments.

Because Indexed Investments are linked to one or more Relevant Commodities or Commodity Indices 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 Indices are more diversified than others in terms of both the number of and variety of futures contracts (especially in the case of the Indexed Investments linked to a sub-index of a Commodity Index). An investment in Indexed 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 Index 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 Index 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

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(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 Indices have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. Moreover, certain of the commodities reflected in Commodity Indices 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 Index underlying Indexed Investments and, accordingly, decrease the amount received by Investors upon redemption or exercise.

- 1.1.6 Commodity Indices may include contracts that are not traded on regulated futures exchanges.

Commodity Indices are typically based solely on futures contracts traded on regulated futures exchanges. However, a Commodity Index 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 Index, 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, Commodity Indices and the components in a Commodity Index should not be taken as an indication of future performance. The actual performance of a Relevant Commodity, Commodity Index or the components included in a Commodity Index underlying Indexed Investments, as well as the amount payable or deliverable upon redemption or exercise, may bear little relation to the historical values of that Relevant Commodity, Commodity Index or the components included in that Commodity Index, 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 Index underlying Indexed Investments.

If the value of a Commodity Index 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 Index 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 Index remain constant, an increase in the Treasury Bill rate of interest will increase the value of the Commodity Index 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 Index and, therefore, the value of the Indexed Investments.

- 1.1.9 Investors will not have rights in any Relevant Commodity (unless expressly provided for in the Pricing Supplement) or components of any Commodity Index.

A Investor will not have rights that investors in a Relevant Commodity or in the components included in a Commodity Index underlying Indexed Investments may have. The securities will be paid in cash, and you will have no right to receive delivery of any Relevant Commodity unless expressly provided for in the applicable Pricing Supplement.

- 1.1.10 The Issuer is not responsible for the public disclosure of information relating to a Commodity Index, which may change over time.

This Issuer has no ability to control or predict the actions of the sponsor of a Commodity Index, including any errors in, or discontinuation of disclosure regarding the methods or policies relating to the calculation of, a Commodity Index. The sponsor of a Commodity Index is typically not under any obligation to continue to calculate the Commodity Index or required to calculate any successor indices. If the sponsor discontinues or suspends the calculation of a Commodity Index, it may become difficult to determine the market value of the Indexed Investments linked to that Commodity Index or the amount payable or deliverable upon redemption or exercise. The Calculation Agent may designate a successor index selected in its sole discretion. If the Calculation Agent determines in its sole discretion that no successor index comparable to the discontinued or suspended Commodity Index exists, the amount received by Investors upon redemption or exercise of the Indexed Investments linked to that Commodity Index will be determined by the Calculation Agent in its sole discretion. See "Adjustments to Commodity Index" in this Product Annex.

- 1.1.11 The policies of the sponsor of a Commodity Index and changes that affect the composition and valuation of a Commodity Index or the components included in a Commodity Index could affect the amount payable or deliverable on the Indexed Investments and their market value.

The policies of the sponsor of a Commodity Index concerning the calculation of the level of a Commodity Index, additions, deletions or substitutions of index components and the manner in which changes affecting the index components are reflected in a Commodity Index could affect the value of the Commodity Index and, therefore, the amount payable or deliverable on the Indexed Investments upon redemption or exercise and the market value of the Indexed Investments prior to redemption or expiration.

Additional commodity futures contracts may satisfy the eligibility criteria for inclusion in a Commodity Index, and the commodity futures contracts currently included in a Commodity Index may fail to satisfy such criteria. The weighting factors applied to each futures contract included in a Commodity Index may change, based on changes in commodity production and volume statistics. In addition, the sponsor of a Commodity Index may modify the methodology for determining the composition and weighting of a Commodity Index, for calculating its value in order to assure that the relevant Commodity Index represents an adequate measure of market performance or for other reasons, or for calculating the value of the relevant Commodity Index. The sponsor of a Commodity Index may also discontinue or suspend calculation or publication of a Commodity Index, in which case it may become difficult to determine the market value of that Commodity Index. Any such changes could adversely affect the value of the Indexed Investments.

If events such as these occur, or if the value of a Relevant Commodity or a Commodity Index is not available or cannot be calculated because of a market disruption event, the Calculation Agent may be required to estimate in a commercially reasonable manner determined in its sole discretion of the value of such Relevant Commodity or Commodity Index. See "Commodity Market Disruption Event and Disruption Fallback" and "Adjustments to Commodity Index" in this Product Annex.

- 1.1.12 If a Commodity Market Disruption Event has occurred or exists on a pricing date, the determination of the value of a Relevant Commodity or Commodity Index may be delayed or postponed and as a consequence the redemption or exercise of the Indexed Investments.

The determination of the value of a Relevant Commodity or Commodity Index on a pricing date may be delayed or postponed if the Calculation Agent determines that a Commodity Market Disruption Event with respect to that Relevant Commodity or Commodity Index 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 the Relevant Commodity or Commodity Index for such valuation date. See "Commodity Market Disruption Event and Disruption Fallback" in this Product Annex.

- 1.1.13 Data sourcing and calculation associated with Commodity Indices may adversely affect the market price of Indexed Investments.

The annual composition of Commodity Indices are typically recalculated in reliance upon historic price, liquidity and production data that are subject to potential errors in data sources or other errors that may affect the weighting of the index components. Any discrepancies that require revision are not applied retroactively but will be reflected in the weighting calculations of the Commodity Index for the following year. Additionally, sponsors of a Commodity Index may not discover every discrepancy. Furthermore, the annual weightings for a Commodity Index are typically determined by the sponsor of the Commodity Index under the supervision of the supervisory committee, which has a significant degree of discretion in exercising its supervisory duties with respect to the Commodity Index and has no obligation to take the needs of any parties to transactions involving the Commodity Indices (including Investors) into consideration when reweighting or making any other changes to the Commodity Index.

- 1.1.14 The sponsor of a Commodity Index may be required to replace a futures contract or other component in a Commodity Index if the existing futures contract or other component is terminated or replaced.

The sponsor of a Commodity Index will typically select futures contracts and other price sources as the reference contracts for the physical commodities in the Commodity Index. Data concerning these underlying components will be used to calculate the level of the Commodity Index. If a component were to be terminated or replaced in accordance with the methodology of the Commodity Index, a comparable futures contract or other price source would be selected by the index sponsor or supervisory committee, if available, to replace that component. The termination or replacement of any component may have an adverse impact on the value of any Commodity Index in which the relevant component is included.

1.2 Additional Risks Associated with Indexed Investments Linked to Gold, Silver, Platinum or Palladium

Indexed Investments may be subject to certain risks specific to gold, silver, platinum or palladium as a commodity.

Gold, silver, platinum and palladium are precious metals. Consequently, in addition to factors affecting commodities generally that are described above, Indexed Investments linked to the price of gold, silver, platinum or palladium may be subject to a number of additional factors specific to precious metals, and in particular gold, silver, platinum or palladium, that might cause price volatility. These may include, among others:

- disruptions in the supply chain, from mining to storage to smelting or refining;
- adjustments to inventory;
- variations in production costs, including storage, labour and energy costs;
- costs associated with regulatory compliance, including environmental regulations;
- changes in industrial, government and consumer demand, both in individual consuming nations and internationally;
- precious metal leasing rates;
- currency exchange rates;
- level of economic growth and inflation; and
- degree to which consumers, governments, corporate and financial institutions hold physical gold as a safe haven asset (hoarding) which may be caused by a banking crisis/recovery, a rapid change in the value of other assets (both financial and physical) or changes in the level of geopolitical tension.

These factors interrelate in complex ways, and the effect of one factor on the market value of Indexed Investments linked to the price of gold, silver, platinum or palladium, may offset or enhance the effect of another factor.

1.3 Commodity Indices – General Information

All information contained in this annex and the applicable Pricing Supplement regarding any Commodity Index, including, without limitation, its make up, its method of calculation and changes in its components is derived from publicly available information. Such information reflects the policies of, and is subject to change by, the index sponsors.

Commodity Indices are sponsored, calculated and published by index sponsors. In connection with any offering of securities, neither the Issuer nor the Guarantor have participated in the preparation of any information relating to any Commodity Index or made any due diligence inquiry with respect to the index sponsors. Neither the Issuer nor the Guarantor makes any representation or warranty as to the accuracy or completeness of such information or any other publicly available information regarding any Commodity Index or the index sponsors.

Investors should make their own investigation into any Commodity Index and the index sponsors. The index sponsors are not involved in any offer of securities in any way and have no obligation to consider the interests of any Investor. The index sponsors have no obligation to continue to publish any Commodity Index and may discontinue or suspend publication of a Commodity Index at any time in their sole discretion.

Some index sponsors and their affiliates actively trade futures contracts and options on futures contracts on the commodities that underlie Commodity Indices, as well as commodities, including commodities included in Commodity Indices. Some index sponsors and their affiliates also actively enter into or trade and market securities, swaps, options, derivatives, and related instruments which are linked to the performance of commodities or are linked to the performance of Commodity Indices. Some index sponsors and their affiliates may underwrite or issue other securities or financial instruments linked to one or more Commodity Indices, and may license the Commodity Indices for publication or for use by unaffiliated third parties. These activities could present conflicts of interest and could affect the value of the Commodity Indices. For instance, a market maker in a financial instrument linked to the performance of a Commodity Index may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying index components in order to hedge the market maker's position in the financial instrument may affect the market price of the futures contracts or other components included in the Commodity Index, which in turn may affect the value of the Commodity Index. With respect to any of the activities described above, the index sponsors and their affiliates have no obligation to take the needs of any buyers, sellers or holders of the securities into consideration at any time.

Historical performance of a Commodity Index is not an indication of future performance. Future performance of a Commodity may differ significantly from historical performance, either positively or negatively.

A Commodity Index is composed of one or more futures contracts on physical commodities. Futures contracts on physical commodities and commodity indices are traded on regulated futures exchanges, and physical commodities and other derivatives on physical commodities and commodity indices are traded in the over-the-counter market and on various types of physical and electronic trading facilities and markets. An exchange-traded futures contract provides for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities provides for the payment and receipt of cash based on the level of the index at settlement or liquidation of the contract. A futures contract provides for a specified settlement month in which the cash settlement is made or in which the commodity or financial instrument is to be delivered by the seller (whose position is therefore described as "short") and acquired by the purchaser (whose position is therefore described as "long").

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as "initial margin". This amount varies based on the requirements imposed by the exchange clearing houses, but may be lower than 5 per cent. of the notional value of the contract. This margin deposit provides collateral for the obligations of the parties to the futures contract.


By depositing margin, which may vary in form depending on the exchange, with the clearing house or broker involved, a market participant may be able to earn interest on its margin funds, thereby increasing the total return that it may realize from an investment in futures contracts. The market participant normally makes to, and receives from, the broker

subsequent daily payments as the price of the futures contract fluctuates. These payments are called "variation margin" and are made as the existing positions in the futures contract become more or less valuable, a process known as "marking to the market".

Futures contracts are traded on organized exchanges, known as "designated contract markets" in the United States. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an opposite position on the exchange on which the trader obtained the position. This operates to terminate the position and fix the trader's profit or loss. Futures contracts are cleared through the facilities of a centralized clearing house and a brokerage firm, referred to as a "futures commission merchant", which is a member of the clearing house. The clearing house guarantees the performance of each clearing member that is a party to a futures contract by, in effect, taking the opposite side of the transaction. Clearing houses do not guarantee the performance by clearing members of their obligations to their customers.

Unlike equity securities, futures contracts, by their terms, have stated expirations and, at a specified point in time prior to expiration, trading in a futures contract for the current delivery month will cease. As a result, a market participant wishing to maintain its exposure to a futures contract on a particular commodity with the nearest expiration must close out its position in the expiring contract and establish a new position in the contract for the next delivery month, a process referred to as "rolling". For example, a market participant with a long position in November crude oil futures that wishes to maintain a position in the nearest delivery month will, as the November contract nears expiration, sell November futures, which serves to close out the existing long position, and buy December futures. This will "roll" the November position into a December position, and, when the November contract expires, the market participant will still have a long position in the nearest delivery month.

Futures exchanges and clearing houses in the United States are subject to regulation by the Commodities Futures Trading Commission. Exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in certain circumstances. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. The structure and nature of trading on non-U.S. exchanges, however, may differ from this description.


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Commodity Index Description

The Pure Beta Index is designed to give investors long-only exposure to the physical commodities underlying DJ-UBSCIERSM, while mitigating the effects of distortions in the commodity markets on the prices and returns of those commodities. The Pure Beta Index is comprised of a basket of commodity futures contracts for the same commodities that are included in the Dow Jones-UBS Commodity Index Excess ReturnSM, as amended from time to time.

The Pure Beta Index is sponsored and calculated by the Barclays Capital Index Products Group, using the same methodology as the Dow Jones-UBS Commodity Index Excess ReturnSM; but by replacing the static schedule of futures contract expiration months used in the Dow Jones-UBS Commodity Index Excess ReturnSM by a set of futures contracts selected each month using the Pure Beta Series-2 methodology, thereby dynamically adjusting the exposure of the Pure Beta Index across the commodity term structure. The weight of each such futures contract in the Pure Beta Index is also adjusted each month to match, as closely as reasonably possible, the weight of the respective commodity in the Dow Jones-UBS Commodity Index Excess ReturnSM.

Brief Overview of the Dow Jones-UBS Commodity IndexSM

The Dow Jones-UBS Commodity IndexSM, the composition and valuation of which follows the methodology of the Dow Jones-UBS Commodity IndexSM Handbook, the current version of which is dated June 2009, and which may be updated by the sponsor of the Dow Jones-UBS Commodity IndexSM from time to time. According to the Dow Jones-UBS Commodity IndexSM Methodology, the Dow Jones-UBS Commodity IndexSM is designed to be a highly liquid and diversified benchmark for commodity investments, providing a broad-based exposure to commodities as an asset class. The composition of the Dow Jones-UBS Commodity IndexSM is rebalanced on an annual basis, taking into account the following key principles:

(1) Economic Significance: The Dow Jones-UBS Commodity IndexSM utilizes both liquidity data and US Dollar-weighted production data in determining the relative quantities of included commodities.

(2) Diversification: The following diversification rules are applied annually:

- a. No single commodity (e.g., natural gas or silver) may constitute over 15% of the Dow Jones-UBS Commodity IndexSM
- b. No single commodity, together with its derivatives (e.g., crude oil, together with heating oil and unleaded gas), may constitute more than 25% of the Dow Jones-UBS Commodity IndexSM
- c. No related group of commodities (e.g., energy, precious metal, livestock or grains) may constitute less than 33% of the Dow Jones-UBS Commodity IndexSM
- d. No single commodity (e.g., natural gas or silver) may constitute less than 2% of the Dow Jones-UBS Commodity IndexSM

(3) Continuity: The Dow Jones-UBS Commodity IndexSM is intended to provide a stable benchmark while at the same time being responsive to the changing nature of commodity markets

(4) Liquidity: The Dow Jones-UBS Commodity IndexSM is intended to provide a liquid benchmark.

Introduction of the Pure Beta Series-2 methodology

Pure Beta Series-2 aims to replicate the average price return of the front-year futures for each commodity in the Dow Jones-UBS Commodity Index Excess ReturnSM. Standard commodity indices provide exposure to the front part of the futures curves. These indices are de facto considered to be benchmarks for commodity market performance. However, return from standard commodity indices may not always be representative of all the factors that drive value in the commodities futures markets.

- Short-term supply/demand factors typically affect front-month contracts disproportionately.
- The slope of the commodity price term structure varies by tenor; therefore, 'roll returns' can vary greatly.
- Longer-term views that drive the middle and far part of the futures curves are not

captured.

Pure Beta Series-2 indices have been designed to provide a more representative measure of commodity market returns while retaining the 'tradability' of standard commodity benchmarks. The indices are constructed around the concept of providing the best proxy for the average price return of the front-year futures for each commodity while avoiding parts of the curve that are subject to persistent market distortions. Each month Pure Beta Series-2 uses a multi-step selection process to assess the relevance of different forward contracts and to select a single tenor for each commodity.

Calculating the front-year average price

In order to accurately reflect the 'market price' of the front-year futures for each commodity, Pure Beta Series-2 uses a weighted average price whereby individual contract prices are weighted by open interest. The strip of futures used in the calculation of the average price is rolled each month.

Pure Beta Series-2 methodology: a four-step selection process

The Pure Beta Series-2 methodology uses a four-step selection process to determine the monthly allocation for each commodity in an index. The process selects a single tenor out of all available nearby or deferred indices out to one year.

First step

For each tenor, calculate the tracking error relative to the front-year average price. The objective of the Pure Beta Series 2 methodology is, for each commodity, to select a tenor that best tracks the front year average price Index, where tracking error of daily returns over the previous three months is the primary metric for selecting the appropriate tenor.

Second step

Each curve tenor is evaluated for liquidity based on open interest. A liquidity filter that is based on the tenor liquidity percentage, being greater than 7%, is used to ensure that a selected contract for each commodity is sufficiently liquid to support an investment and so to protect the investor from being exposed to an illiquid futures contract which could lead to detrimental investment performance. The tenor liquidity percent of each tenor is calculated each month and is based on the percentage of the front-year total open interest of the next contract that will form part of that tenor during and after the next roll period of the tenor.

Third step

The probability of curve dislocation is determined for each tenor based on the recent behaviour of contract prices. Contract prices at the front end of the curve can become dislocated from fundamentals as a result of:

- Investment flow distortions (passive money tracking front-month indices)
- Short-term supply/demand imbalances

The Pure Beta Series-2 methodology attempts to avoid dislocated parts of the curve by tracking the volatility of each tenor on a daily basis. It then uses a probability-based measure of pricing anomalies to identify persistent curve distortions.

Fourth step

The allocation algorithm seeks to find a balance between tracking the front-year average price return and avoiding portions of the curve that are subject to price distortions. For this:

- Tenors that have less than 7% of front-year total open interest are deemed ineligible.
- Tenors with a high probability of curve distortion are also deemed ineligible.
- The tenor with the lowest Tracking Error relative to front-year average price returns is selected. If two or more tenors have the same tracking error, the shorter tenor is selected.
- However, if no liquid tenors pass the curve distortion test, the longest liquid tenor is selected.

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Potential Conflicts of Interest

Potential conflicts of interest may exist in the internal teams and divisions within Barclays Capital and therefore in the course of normal business operations of the Index Sponsor and other divisions and teams of Barclays Capital and/or any of its affiliates.

During the course of normal business operations, the Index Sponsor, as a research team within Barclays Capital may determine, calculate and publish the Index, while another team within Barclays Capital may issue, enter into, promote, offer or sell transactions or investments linked, in whole or in part, to the Index. In addition, another team within Barclays Capital may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions in or relating to the underlying assets linked to the Index. Such activities may or may not have an impact on the level of the Index. In view of the different roles performed by Barclays Capital through the various teams, Barclays Capital as an entity is subject to potential conflicts of interests.

Adjustments, Suspension and Termination of the Index

While the Index Sponsor currently employs the methodology ascribed to the Index (and application of such methodology shall be conclusive and binding), no assurance can be given that market, regulatory, juridical, financial, fiscal or other circumstances (including, but not limited to, any changes to or any suspension or termination of or any other events affecting any constituent within the Strategy Index) will not arise that would, in the view of the Index Sponsor, necessitate an adjustment, modification or change of such methodology. The Index Sponsor may also, in its sole and absolute discretion, at any time and without notice, adjust, suspend or terminate the Index. The Index Sponsor is also under no obligation to continue the calculation, publication and dissemination of the Index. Any such adjustment, suspension, termination or non-publication may have a negative impact on the Transaction.

Lack of Operating History

The Index may be only recently established and therefore have no history to evaluate its likely performance.

Past Performance

Any data on past performance, modelling, scenario analysis or back-testing contained herein is no indication as to future performance. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any modelling, scenario analysis or back-testing. Any opinions and estimates given are given as of the date hereof and are subject to change. The value of any investment may fluctuate as a result of market changes. The Index is not intended to predict actual results and no assurances are given with respect thereto.

Extraordinary and Force Majeure Events

It should be noted that the Index is subject to certain extraordinary and force majeure events, including, but not limited to, any modification to, or cancellation of, the Index or any elimination

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or exchange of any index component or constituent, the consequences of which may have a negative impact upon the performance of the Index.

Ambiguities in respect of the Index Rules (if any)

Whilst the Documented Rules (if any) are intended to be comprehensive, ambiguities may arise. In such circumstances the Index Sponsor will resolve such ambiguities in good faith and a reasonable manner and, if necessary, amend the Index Rules to reflect such resolution.

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Purchasers of the Notes should not conclude that the inclusion of a futures contract in the Dow Jones-UBS Commodity IndexSM is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates. The information in this Term Sheet regarding the Dow Jones-UBS Commodity IndexSM components has been derived solely from publicly available documents. None of Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Dow Jones-UBS Commodity IndexSM components in connection with the Notes. None of Dow Jones, UBS AG, UBS Securities, CME Indexes or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Dow Jones-UBS Commodity IndexSM components, including without limitation a description of factors that affect the prices of such components, are accurate or complete.

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