



## Tier 2 capital

<b>Issuer</b>	UBS AG NY Branch
<b>ISIN</b>	US870836AB94
<b>Issue Date</b>	21.07.1995
<b>Currency</b>	USD
<b>Nominal (million)</b>	150.0
<b>Coupon Rate</b>	7.375%
<b>Maturity Date</b>	15.07.2015
<b>First Call Date</b>	-

## DESCRIPTION OF THE SECURITIES

### General

The Securities will be issued under a Fiscal and Paying Agency Agreement to be dated as of July 21, 1995 (the "Fiscal Agency Agreement") between the Bank, acting through the Branch, and First Trust of New York, National Association, as fiscal and paying agent (the "Fiscal Agent"), a copy of which is available for inspection at the corporate trust department of the Fiscal Agent in The City of New York.

The following summaries of certain provisions of the Fiscal Agency Agreement and the Securities do not purport to be complete and are subject to and are qualified in their entirety by reference to all of the provisions of the Fiscal Agency Agreement and the Securities, including the definitions therein of certain terms. Any term defined in the Fiscal Agency Agreement or the Securities and not otherwise defined herein is used herein with the meaning set forth in the Fiscal Agency Agreement or the Securities, as the case may be.

The Notes will mature on July 15, 2005, the Debentures Due 2015 will mature on July 15, 2015 and the Debentures Due 2025 will mature on July 15, 2025 (in each case, the "Maturity Date") and neither the Notes nor the Debentures may be redeemed prior thereto except in the event that payments thereunder become subject to Swiss tax. See "—Optional Redemption."

The Notes and the Debentures collectively will be limited to \$700,000,000 aggregate principal amount and will be issued in the form of fully registered Global Securities. The Global Securities will initially be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as DTC's nominee. Beneficial interests in the Securities may be acquired, or subsequently transferred, only in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. See "—Book Entry; Delivery and Form."

The Notes and the Debentures will bear interest at the applicable rates per annum set forth on the cover page of this Offering Circular from July 21, 1995 until payment in full of the principal of such Securities has been made or duly provided for. Interest on the Securities will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 1996, and on the applicable Maturity Date or earlier redemption date (or, if any such date is not a Business Day, on the next succeeding Business Day) (each, an "Interest Payment Date"). Interest on the Securities will be calculated on the basis of a 360-day year of twelve 30-day months. The term "Business Day" means a day, not being a Saturday or Sunday, on which banks generally in The City of New York are not authorized or required by law or executive order to be closed.

The principal of and interest on the Securities will be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Securities will constitute unsecured obligations of the Branch and the Bank, subordinated and junior in right of payment, to the extent and in the manner provided in the Securities, to all deposit liabilities and other liabilities of the Branch and the Bank (including all deposit liabilities and other liabilities of the Bank wherever located), except those liabilities that by their terms rank *pari passu* with or are subordinated to the Securities. See "—Subordination."

In the event that any payment of principal or interest or other amount on any Security is not made by the Branch when due and payable, the Bank would have the same unsecured and subordinated direct liability to make such payment as it has with respect to any of its other unsecured, subordinated debt and other obligations that rank *pari passu* with the Securities. See "—Subordination" and "—Actions Against the Bank; Limitations."

The Securities have not been registered with the Securities and Exchange Commission (the "Commission") and are offered pursuant to an exemption from registration under Section 3(a)(2) of the Securities Act of 1933, as amended. The Fiscal Agency Agreement is not required to be, and has not been, qualified under the Trust Indenture Act of 1939, as amended. The holders of the Securities will therefore not be afforded the protections of the Trust Indenture Act.

**The Securities are not deposits and are not insured by the FDIC or by any other government agency.**

#### **Subordination**

The Securities will be subordinated obligations of both the Branch and the Bank as a whole.

The principal of, and interest and any additional amounts payable on, the Securities will be subordinated in right of payment (i) upon the occurrence of any of the events described under "— Events of Default," all of which relate to the insolvency or liquidation of the Bank, to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank (including all deposit liabilities and other liabilities of the Branch, the head office and all offices of the Bank wherever located), except those liabilities which by their terms rank *pari passu* with or are subordinated to the Securities and (ii) in the event that the Superintendent takes possession of the business and property of the Branch, to the prior payment in full of the deposit liabilities of the Branch and all other liabilities of the Branch, except those liabilities which by their terms rank *pari passu* with or are subordinated to the Securities.

Under the terms of the Securities, the holders of the Securities will, by their acceptance of the Securities, irrevocably waive their rights as "preferred creditors" under Section 606.4 of the NYBL and to any preferences to which they may become entitled under Section 4(j) of the IBA and under any other similar law hereinafter enacted to the extent necessary to give effect to the subordination provisions of the Securities. See "Regulation and Supervision of the Bank and the Branch in the United States."

In order to implement these subordination provisions, a holder of a Security by its acceptance of such Security will be deemed to have agreed that should the Superintendent take possession or be in possession of the business and property of the Branch at a time when proceedings with respect to the insolvency or liquidation of the Bank have occurred and are continuing, then the Superintendent will apply any amounts that would be due to the holders of Securities in the absence of the subordination provisions (1) first, to the payment in full of all deposit liabilities and all other liabilities of the Branch (other than the Securities and other obligations of the Branch that rank *pari passu* with or that are subordinated to the Securities) and to any other claim accorded priority under any United States federal or New York state law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws and (2) thereafter, to pay any amount remaining to any receiver or similar official in insolvency of the Bank with similar powers appointed with respect to the Bank or its assets for application, (i) first, to the payment in full of all claims of depositors and other obligations of the Bank ranking senior in right of payment to the Securities and (ii) thereafter, to the payment, equally and ratably, of amounts owing under the Securities (whether pursuant to the terms of the Securities or otherwise) and all obligations of the Bank ranking *pari passu* in right of payment with the Securities.

Each holder of a Security, by its acceptance thereof, will be deemed to have also agreed that should the Superintendent take possession or be in possession of the business and property of the Branch at any time when no proceedings with respect to the insolvency or liquidation with respect to the Bank have occurred and are continuing, the Superintendent will apply the assets of the Branch (1) first, to payment in full of all deposit liabilities of the Branch and all other liabilities of the Branch (other than the Securities and other obligations of the Branch that rank *pari passu* with or that are subordinated to the Securities) and to any other claim accorded priority under any United States federal or New York state

law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, (2) second, to the payment, equally and ratably, of amounts then due and owing on the Securities and all obligations ranking *pari passu* in right of payment with the Securities, and (3) thereafter, to pay any amount remaining to the Bank.

As a consequence of these subordination provisions, if proceedings with respect to the insolvency or liquidation with respect to the Bank should occur, or if the Superintendent should take possession of the business or property of the Branch, or both, the holders of Securities may recover less ratably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Bank or the Branch. Moreover, holders of Securities would likely be required to pursue their claims on the Securities in proceedings with respect to the Bank in Switzerland. To the extent that holders of the Securities are entitled to any recovery with respect to the Securities in any Swiss proceedings, such holders might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Swiss francs.

At December 31, 1994, the Branch had outstanding liabilities to creditors (including deposits and debt) on its balance sheet ranking senior to the Securities ("Senior Liabilities") with an aggregate principal amount of approximately \$30.7 billion. At December 31, 1994, the Bank, including the Branch, had outstanding Senior Liabilities with an aggregate principal amount of approximately CHF 175.0 billion (\$133.8 billion). The Securities do not limit the amount of deposit liabilities or other liabilities ranking *pari passu* with or senior to the Securities, which may be hereafter incurred or assumed by the Branch or the Bank.

At December 31, 1994, the Bank had outstanding liabilities to creditors on its balance sheet ranking *pari passu* with or subordinated to the Securities of approximately CHF 3.9 billion (\$3.0 billion).

#### **Events of Default**

Under the Fiscal Agency Agreement and the Securities, an Event of Default with respect to the Securities will be defined to mean the following: (i) a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any bankruptcy, insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days or (ii) the Bank shall file a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

Each Security will provide that if an Event of Default shall have occurred and be continuing, the holder of such Security may declare the principal of such Security, together with any unpaid accrued interest thereon, to be due and payable on the seventh day after written notice of such declaration is delivered to the Branch and the Fiscal Agent. There is no right of acceleration in the case of a default in the payment of interest on, or other amounts owing under, the Securities or a default in the performance of any other covenant of the Branch or the Bank in the Securities, although any holder could bring a legal action to enforce such payment of interest or such covenant.

#### **Withholding Taxes**

All payments of principal and interest by the Branch will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by Switzerland or any political subdivision or authority thereof or therein having the authority to tax ("Foreign Taxes"), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or by the administration of such

law. In that event, the Branch will pay such additional amounts as may be necessary in order that the net amounts receivable by the holder of a Security after such withholding or deduction shall equal the respective amounts of principal or interest that would have been receivable in respect of such Security in the absence of such withholding or deduction, except that no such additional amount shall be payable with respect to a Security presented for payment: (i) to or for the benefit of a holder who is liable for such taxes in respect of such Security by reason of his having some connection with Switzerland other than the mere holding of such Security or the receipt of income therefrom; (ii) more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on or before such thirtieth day; (iii) as a result of any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with any certification, identification or other reporting requirements concerning the nationality, residence or connection with Switzerland or any political subdivision thereof of the holder, if compliance is required by statute or by regulation of Switzerland or any political subdivision or taxing authority thereof as a precondition to exemption from such tax, assessment or other governmental charge; or (iv) held by a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of a partnership or a beneficial owner would not have been entitled to the additional payment had such beneficiary, settlor, member or beneficial owner been the holder of such Security. As used herein, the "Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount of the monies payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount of such monies having been so received, notice to that effect shall have been given to the holder. Any additional amounts due on the Securities on account of Foreign Taxes will be subordinated in right of payment as described under "—Subordination" above.

#### **Optional Redemption**

The Securities will not be subject to redemption prior to each applicable Maturity Date, except as set forth below. In the event that any Foreign Taxes shall be required to be withheld or deducted in respect of any Security and additional amounts as described above under "—Withholding Taxes" shall be required to be paid, the Branch shall be entitled, on written notice to the holder and the Fiscal Agent, to redeem any or all of the Securities on a date prior to each applicable Maturity Date (the "Alternative Payment Date"). The redemption price of each Security shall be the unpaid principal amount thereof plus interest accrued thereon at the applicable interest rate for such Security to the Alternative Payment Date (including any additional amounts described above). The Alternative Payment Date shall be such date as shall be set forth by the Branch in such notice to the Fiscal Agent and the holders, which in any event shall not be earlier than the date which is the later to occur of (i) the thirtieth day after the Branch notifies the Fiscal Agent and the holders of its intention to redeem any Securities, and (ii) the first month anniversary of the issue date of the Securities.

#### **Repayment of Funds**

Any funds paid by the Bank or the Branch to the Fiscal Agent or held by the Fiscal Agent or the Branch in trust for the payment of principal, interest or additional amounts in respect of the Securities and remaining unclaimed after the expiration of two years following the date on which such principal, interest or additional amount becomes due and payable shall, if held by the Fiscal Agent, and if requested in writing by the Branch or the Bank, be returned to the Bank or the Branch or, if held by the Branch, be discharged from such trust, and the holders of such Securities, as unsecured general creditors, shall thereafter look only to the Bank and the Branch for the payment thereof and all liability of the Fiscal Agent with respect to such trust monies shall thereafter cease, without, however, limiting in any way the obligations of the Bank and Branch, which are absolute and unconditional, to pay the principal of and any interest and additional amounts on any Security as such payments become due, subject to any applicable periods of limitation as set forth under Swiss law. See "—Subordination" and "—Actions Against the Bank; Limitations."

### **Modification, Waiver of Past Defaults**

With the consent of the holders of not less than a majority in aggregate principal amount of the Notes, the Debentures Due 2015 or the Debentures Due 2025 at the time outstanding to be affected, modification and amendment of the Fiscal Agency Agreement may be effected by the Branch and the Fiscal Agent, and past defaults thereunder may be waived, provided that no such modification, amendment or waiver may, as to any Security, without the consent of the holder of such Security, (i) waive a default in the payment of the principal of, or interest or additional amounts on, any Security, or change the stated maturity of the principal of, or any interest or additional amounts on, any Security, or reduce the principal amount thereof or the rate of interest thereon, or change the obligation of the Branch to pay additional amounts, or change any place where, or the coin or currency in which, any Security or any interest or additional amount thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or with respect to any Security, or change any Events of Default with respect to such Security; (ii) reduce the percentage of the outstanding Securities the consent of whose holders is required to modify or amend the Fiscal Agency Agreement or the Securities or for the waiver of past defaults; (iii) modify the subordination provisions of the Fiscal Agency Agreement or the Securities in any manner adverse to the holders of the Securities; (iv) modify the obligations of the Branch or the Bank to maintain a designee, appointee or agent in the Borough of Manhattan, The City of New York; (v) modify the obligation of the Bank to pay amounts under the Securities; or (vi) modify the above provisions, except to provide that modification, amendment or waiver of other provisions of the Fiscal Agency Agreement and the terms and conditions of the Securities shall not be effective as to any Security without the consent of the holder of such Security.

The Fiscal Agency Agreement may also be amended without the consent of the holders of the Securities for the purpose of (a) adding to the covenants of the Branch for the benefit of the holders of such Securities, (b) surrendering any right or power conferred upon the Branch, (c) securing any of the Securities, (d) curing any ambiguity, correcting or supplementing any provisions therein which may be inconsistent with any other provision therein or making any other provisions with respect to matters or questions arising under the Fiscal Agency Agreement, provided that such action shall not adversely affect the interests of holders of the Securities in any material respect, or (e) evidencing and providing for the acceptance of appointment thereunder by a successor fiscal agent and to add to or change any of the provisions thereof as shall be necessary to provide for or facilitate the administration thereunder by more than one fiscal agent.

### **Outstanding Securities**

The Fiscal Agency Agreement provides that, in determining whether the holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Fiscal Agency Agreement, Securities owned by the Bank, the Branch or any of the Bank's affiliates will not be deemed to be outstanding.

### **Governing Law; Consent to Jurisdiction; Service of Process; Immunity**

The Securities and the Fiscal Agency Agreement will provide that they will be governed by, and construed in accordance with, the laws of the State of New York.

The Bank will expressly submit to the jurisdiction of the Supreme Court of the State of New York and the United States District Court for the Southern District of New York, in either case in the Borough of Manhattan, The City of New York, for the purpose of any action that may be brought in connection with the Securities or the Fiscal Agency Agreement. The Bank will irrevocably designate the Branch and, in the event that the operations of the Branch are discontinued or as may be otherwise required by law, the Superintendent as its agent upon whom process may be served in any action brought against the Branch or the Bank in any such action.

The Bank and its properties currently are not entitled to any sovereign or other immunity, and the Bank has agreed that, to the extent it may hereafter become entitled to any such immunity, it shall waive such immunity to the fullest extent permitted by law with respect to matters arising out of or in connection with the Securities.

#### **Actions Against the Bank; Limitations**

In the event any payment of principal or interest or any additional amount due on any Security were not made by the Branch when due, the Bank would have the same subordinated obligation to make such payment as it has with respect to any of its obligations ranking *pari passu* with the Securities. The Bank has been advised by internal counsel that a final judgment for the payment of money against the Bank rendered by a United States federal or state court will generally be enforceable in Switzerland if certain conditions are met.

In addition, in the event that funds unclaimed after two years are returned by the Fiscal Agent to the Branch or the Bank, or released from trust by the Branch, as provided in the Fiscal Agency Agreement (see “—Repayment of Funds” above), a party making a claim for such monies against the Bank in Switzerland would be subject to a period of limitation under Swiss law of ten years for the payment of principal and interest and any additional amounts, commencing on the date when such payments were originally due.

#### **Undertaking for Costs**

Each holder of a Security by its acceptance thereof will agree that in any suit for the enforcement of any right or remedy under the Fiscal Agency Agreement or the Securities or against the Fiscal Agent for any action taken, suffered or omitted by it as Fiscal Agent (other than a suit instituted by the Branch, the Bank, the Fiscal Agent, a holder or group of holders holding in the aggregate more than ten percent in aggregate principal amount of the outstanding Securities, or any holder for the enforcement of the payment of the principal or interest or additional amounts on any Security on or after the maturity or earlier redemption thereof), a court may in its discretion require the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys’ fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

#### **Book-Entry; Delivery and Form**

Except as set forth below, the Global Securities may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Investors may hold their Securities directly through DTC, if they are participants in DTC (“Participants”), or indirectly through organizations that are Participants.

Upon the issuance of the Global Securities, DTC will credit, on its book-entry registration and transfer system, the respective principal amounts of the Securities represented by the Global Securities to the accounts of Participants. Each Global Security will be deposited on the date of the closing and sale of the Securities with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the Fiscal Agent pursuant to the FAST Balance Certificate Agreement between DTC and the Fiscal Agent. The accounts to be credited will be designated by the Underwriters. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold interests through Participants. Ownership of interests in such Global Securities will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to Participants’ interests) and such Participants (with respect to the owners of beneficial interests in such Global Security). The laws of some jurisdictions require that

certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer beneficial interests in a Global Security to such persons may be limited.

**Persons who are not Participants may beneficially own Securities held by DTC only through Participants or indirect Participants. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Global Securities, Cede & Co. for all purposes will be considered the sole holder of the Securities. Except as provided below, owners of beneficial interests in the Global Securities will not be entitled to have Securities registered in their names, will not receive or be entitled to receive physical delivery of Securities in definitive form and will not be considered the holders thereof.**

Each person owning a beneficial interest in the Global Securities must rely on the procedures of DTC and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a holder of Securities under the Fiscal Agency Agreement or the Global Securities. The Fiscal Agency Agreement provides that DTC may grant proxies and otherwise authorize Participants to take any action that DTC, as the holder of a Global Security, is entitled to take under the Fiscal Agency Agreement or such Global Security. The Branch understands that under existing industry practice, in the event the Branch requests any action of holders of Securities or an owner of a beneficial interest in a Global Security desires to take any action that DTC, as the holder of such Global Security, is entitled to take, DTC would authorize the Participants to take such action, and the Participants would authorize beneficial owners owning through such Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payment of principal of, and interest and any additional amounts on, the Securities will be made by the Branch in immediately available funds to Cede & Co., the nominee for DTC, as the registered owner of the Global Securities. None of the Branch, the Bank or the Fiscal Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Securities or the maintaining, supervising or reviewing of any records relating to such beneficial ownership interest.

Upon receipt of any payment on the Global Securities, DTC, under its current practice, will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amounts of the Global Securities as shown on the records of DTC. Payments by Participants to owners of beneficial interests in the Global Securities held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such Participants.

Because DTC can only act on behalf of Participants, who in turn act on behalf of indirect Participants and certain banks, the ability of a holder of the Securities to pledge such Securities to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Securities, may be affected by the lack of a physical certificate for such Securities.

DTC has advised the Bank and the Branch that it will take any action permitted to be taken by a holder only at the direction of one or more Participants to whose account with DTC Securities are credited and only in respect of such portion of the aggregate principal amount of the Securities as to which such Participant or Participants has or have given such direction.

DTC has advised the Branch and the Bank as follows:

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC was created to hold securities for its Participants and to facilitate the clearance and settlement of



securities transactions among its Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain organizations such as the Underwriters. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

#### **Same-Day Settlement and Payment**

Settlement for the Securities will be made by the Underwriters in immediately available funds. All payments of principal and interest will be made by the Bank in immediately available funds or the equivalent, so long as DTC continues to make its Same-Day Funds Settlement System available to the Bank.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, the Securities will trade in DTC's Same-Day Funds Settlement System, and secondary market trading activity in the Securities will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Securities.

#### **Definitive Securities**

Global Securities shall be exchangeable for definitive Securities only if: (a) DTC notifies the Branch that it is unwilling or unable to continue as depositary or if at any time it ceases to be a clearing agency registered under the Exchange Act; (b) the Branch in its sole discretion determines that such Global Securities shall be exchangeable for definitive Securities; or (c) the Branch and the Bank shall fail to make any payment of principal of, or any interest or additional amount on, the Securities when due. Securities so issued in definitive form will be issued in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof and will be issued only in registered form, without coupons. Such definitive Securities shall be registered in the name or names of such person or persons as DTC shall instruct the Fiscal Agent. It is expected that such instructions may be based upon directions received by DTC from its Participants with respect to ownership of beneficial interests in such Global Securities.

The principal amount of the Securities in definitive form will be payable on the applicable Maturity Date or earlier redemption date in immediately available funds in The City of New York, upon presentation and surrender of the Securities at the corporate trust department of the Fiscal Agent in The City of New York or at such place or places in the Borough of Manhattan, The City of New York as may be designated from time to time by the Fiscal Agent or the Branch and interest on the Securities and any additional amounts payable thereon will be payable to the persons in whose names such Securities (or one or more predecessor Securities) are registered at the close of business on the January 1 or July 1, as the case may be, next preceding each Interest Payment Date (each, a "Regular Record Date"), except that interest not so punctually paid or duly provided for, if any, will be paid to the persons in whose names the Securities (or one or more predecessor Securities) are registered as of the close of business on a special record date to be fixed by the Branch (a "Special Record Date" and, each "Regular Record Date" and "Special Record Date", a "Record Date"). Such payments will be made by wire transfer in immediately available funds to a bank account in the United States designated by such person in a written notice received by the Fiscal Agent (a) in the case of a payment of interest, prior to the Record Date immediately preceding the Interest Payment Date on which such payment is due and (b) in the case of payment of principal on the applicable Maturity Date, prior to the Record Date immediately preceding the applicable Maturity Date, or in the case of payment of principal on an earlier redemption date, no later than the fifteenth day prior to such earlier redemption date, provided that in the case of such payment of principal, the Security shall have been surrendered to the Fiscal Agent for payment together with such notice.

### **Registration; Transfer and Exchange of Definitive Securities**

The Fiscal Agent will maintain at its corporate trust department in The City of New York, currently located at 100 Wall Street, New York, New York 10005, a security register with respect to the Notes and a security register with respect to the Debentures (each a "Security Register"). The name and address of the registered Holder of each Security and the amount of each Security will be recorded in the applicable Security Register, and the Branch, the Bank and the Fiscal Agent may treat the person in whose name the Security is registered as the owner of such Security for all purposes.

Any Securities in definitive form may be presented for exchange or registration of transfer at the corporate trust department of the Fiscal Agent in The City of New York, subject to the limitations and requirements set forth in the Fiscal Agency Agreement and the Securities. Any definitive Security surrendered for exchange or presented for registration of transfer shall be duly endorsed, or be accompanied by written instrument of transfer in form satisfactory to the Fiscal Agent, duly executed by the holder thereof or his attorney duly authorized in writing. Upon surrender for exchange or registration of transfer of any Security in definitive form, the Fiscal Agent will authenticate and deliver, in exchange for such Security, a Security or Securities in definitive form and in appropriate authorized denominations and of an equal aggregate principal amount. No service charge will be imposed upon the holder of a Security in connection with exchanges for Securities of different authorized denominations or form or for registration of transfers thereof, but the Branch may charge the party requesting any exchange or registration of transfer of a Security a sum sufficient to reimburse it for any tax or other governmental charge required to be paid in connection with such exchange or registration.

### **Substitution**

The Branch and the Bank may, upon notice thereof given to the holders of the Notes or the Debentures at least 30 days and not more than 60 days prior thereto, substitute a branch or agency of the Bank as the primary obligor of such Securities, provided that: (i) the obligations of the Branch under such Securities and the Fiscal Agency Agreement shall be expressly assumed by a branch or agency of the Bank located in the United States of America (a "Successor Office"), which assumption shall be evidenced by an instrument satisfactory in form and substance to the Fiscal Agent; (ii) no registration under the Securities Act of 1933, as amended, and no qualification of an indenture under the Trust Indenture Act of 1939, as amended, shall be required in connection with such assumption; (iii) immediately after giving effect to such assumption, such Securities shall rank no less senior in right of payment with respect to the other obligations of the Bank or such Successor Office than they ranked prior to such assumption with respect to the other obligations of the Bank or the Branch; (iv) immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of such Successor Office as a result of such transaction as having been incurred by such Successor Office at the time of such transaction, no event described under "—Events of Default," and no event which, after notice or lapse of time or both, would become an event described under "—Events of Default," shall have happened and be continuing; and (v) the Bank shall have delivered to the Fiscal Agent an officer's certificate stating that such assumption by such Successor Office and the instrument evidencing such assumption comply with the conditions set forth in clauses (i) through (iv) above and an opinion of independent counsel of recognized standing stating that such assumption by such Successor Office and the instrument evidencing such assumption comply with the conditions set forth in clauses (ii), (iii) and (iv) above. Upon the assumption of the obligations of the Branch, under such Securities and the Fiscal Agency Agreement, by a Successor Office, such Successor Office will be substituted for the Branch for the purposes of the Securities and the Fiscal Agency Agreement.

### **Certain Duties of the Fiscal Agent**

The Fiscal Agency Agreement provides that the Fiscal Agent will act solely as the agent of the Branch and will not assume any obligation or relationship of agency or trust for or with any of the

holders of the Securities, except with respect to funds held by it for the payment of principal of and interest and any additional amounts on the Securities. The Fiscal Agent will be under no obligation to take any action or perform any duties other than those specifically set forth in the Fiscal Agency Agreement.

#### **Successor Fiscal Agent**

The Fiscal Agency Agreement provides that the Fiscal Agent may resign or may be removed by the Branch. Such resignation or removal shall take effect upon the appointment of and the acceptance of its appointment by a successor fiscal agent. The Fiscal Agency Agreement provides that any successor fiscal agent shall be a corporation, a bank or trust company organized and doing business under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision and examination by federal or state authority and having an established place of business in the Borough of Manhattan, The City of New York; provided, however, that the foregoing capital and surplus requirements shall not be applicable if an affiliate of the Bank is appointed as successor Fiscal Agent.

The Fiscal Agency Agreement further provides that any corporation, bank or trust company resulting from any merger, conversion or consolidation to which the Fiscal Agent is a party or to which the Fiscal Agent shall sell or transfer all or substantially all of its assets or corporate trust business shall be the successor Fiscal Agent, provided that such corporation, bank or trust company shall be otherwise qualified and eligible under the Fiscal Agency Agreement, without the execution or filing of any paper or any further act on the part of any party to the Fiscal Agency Agreement.

#### **Notices**

Notices to holders of Securities will be given by mail to the addresses of such holders as they appear in the applicable Security Register.