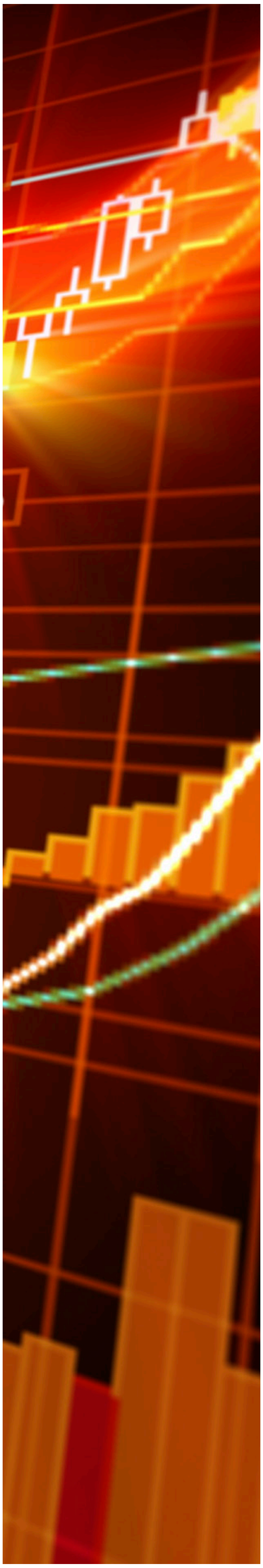
MAYER • BROWN

October 2013

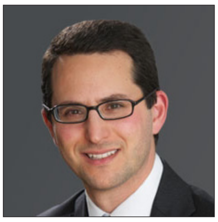
Convertible Bonds

An Issuer’s Guide (European Edition)



CONTENTS

If you have any questions about equity-linked bond offerings, please contact the authors of this guide or any of the other key members of our equity-linked practice listed on the **last page** of this guide.



James Taylor

Partner

jtaylor@mayerbrown.com

201 Bishopsgate
London EC2M 3AF
United Kingdom

T +44 20 3130 3136
F +44 20 3130 8774

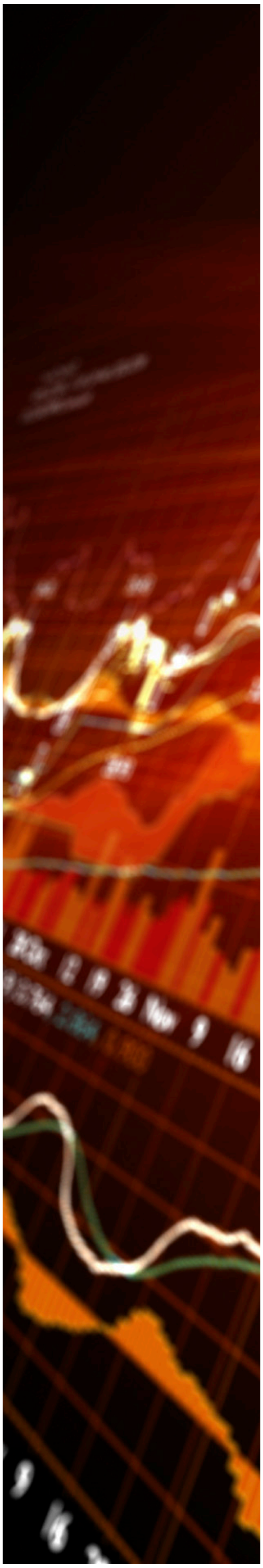
Robert Flanigan

Partner

rflanigan@mayerbrown.com

201 Bishopsgate
London EC2M 3AF
United Kingdom

T +44 20 3130 3488
F +44 20 3130 8760



INTRODUCTION

WHAT ARE CONVERTIBLE BONDS?

Convertible bonds are, customarily, fixed rate bonds issued by a company, the terms of which allow the holders of the bonds to convert them into ordinary shares of the company at a prescribed conversion price and during a prescribed conversion period.

So convertible bonds can be seen as a combination of two separate financial instruments – namely:

- a fixed rate bond; and
- an embedded equity call option.

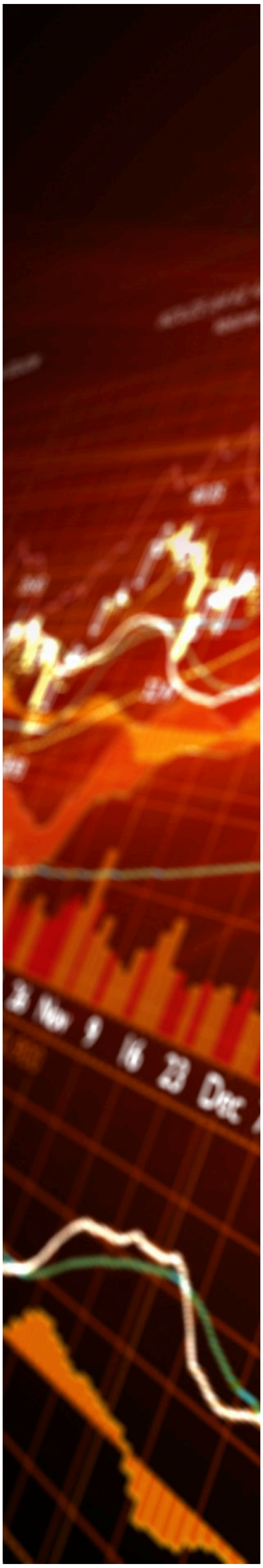
This combination of features provides investors in convertible bonds with certain distinct advantages over a similar investment in plain vanilla bonds or the ordinary shares of the company. In very general terms, convertible bonds are capable of offering investors equity upside potential in the ordinary shares of the relevant company as a result of the equity call option and, at the same time, capped downside risk as a result of the fixed rate bond's coupon and ultimate return of principal on the final maturity date. This equity upside potential and capped downside risk is often termed "Optionality" by convertible bond practitioners.

HOW ARE CONVERTIBLE BONDS PRICED AND HOW AND WHEN DO THEY CONVERT INTO ORDINARY SHARES?

There are many technical methods of valuing convertible bonds (and, in particular, of pricing the embedded equity call option) and it is beyond the scope of this Guide to explore pricing methodologies in detail. Pricing consists of two elements, the initial conversion price and the coupon. The initial conversion price of a convertible bond is, customarily, based on the sum of (i) the volume weighted average price of the ordinary shares of the company ("VWAP") between announcement of the offering ("Launch") and the pricing of the convertible bonds ("Pricing") and (ii) a conversion premium thereto (the "Conversion Premium").

The correlation between the coupon payable on a convertible bond and the Conversion Premium is important. In summary, investors will expect to receive a correspondingly higher coupon on a convertible bond if the Conversion Premium is set at the higher end of its pricing range. Investors will, in these circumstances, expect to have to wait a longer period before the market price of the ordinary shares of the company exceeds the conversion price of their bonds, at which point it becomes economically viable for the bondholders to convert. Investors will, accordingly, treat convertible bonds with a high Conversion Premium as more "debt like" and require, as a result, a coupon more in line with that payable on a plain vanilla bond of a similar credit. Alternatively, if the Conversion Premium is set at the lower end of its pricing range, it is likely that investors will require of the company a correspondingly lower coupon.

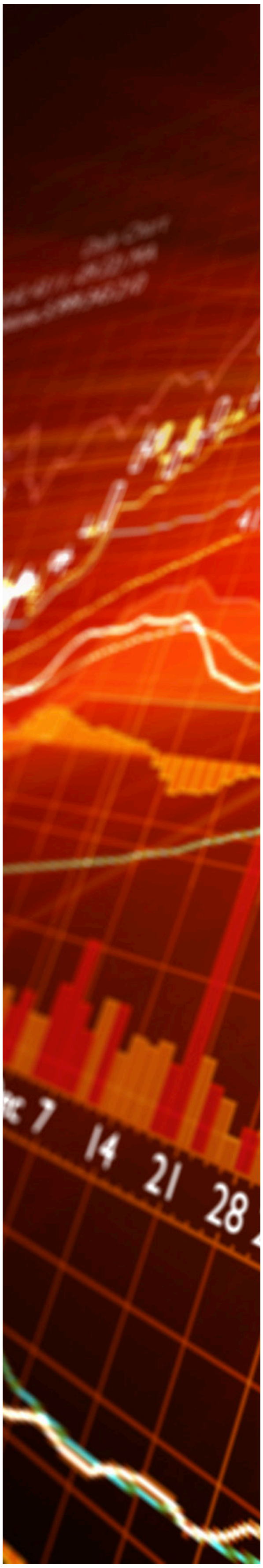
Remember that the Conversion Premium reflects the value of the embedded equity call option in the convertible bond. The value of the convertible bonds is also comprised, however, of (i) the value of the bonds themselves (represented by the discounted value of the coupons and their redemption price and known as the "Bond Floor") and (ii) the value of the ordinary shares of the company underlying the convertible bonds from time to time (and known as "Parity"). These features will be discussed in more detail later on in this Guide.



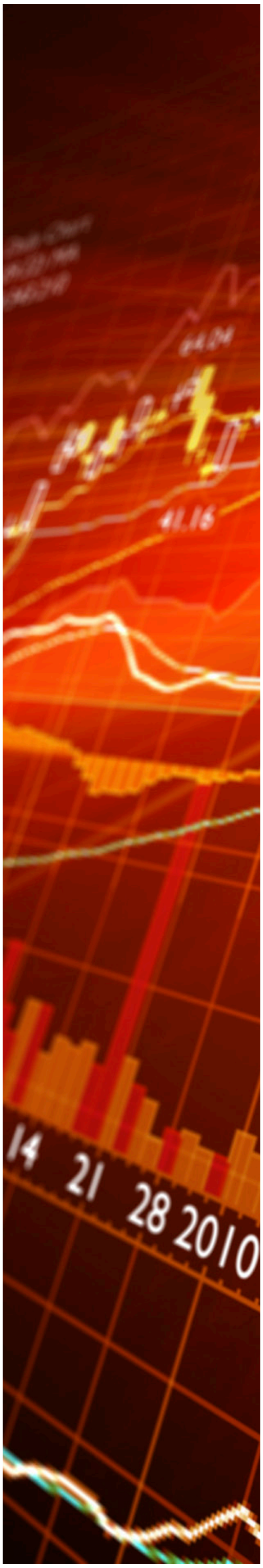
WHAT ARE THE BENEFITS AND DISADVANTAGES OF CONVERTIBLE BONDS TO AN ISSUER AND AN INVESTOR ALIKE?

There are a number of benefits for issuers and investors in convertible bonds. There are, of course, downsides for both parties to consider:

	Benefits	Disadvantages
Issuer	• The company receives up front payment for ordinary shares to be issued at a later date, customarily at a premium to their market price. To the extent that a company considers its ordinary shares to be undervalued at the time of pricing of the bonds, the issue of convertible bonds may be an attractive alternative to issuing ordinary shares. • Investors demand a lower interest rate on convertible bonds than plain vanilla bonds, given the additional value of the equity call option – this will be helpful for a company seeking to better manage its debt service and leverage ratios. • If the company's ordinary shares perform, the bonds will convert into ordinary shares and the company will not need to repay its borrowings. • The company is provided with access to a broader investor base, as convertible bond investors consist of both hedge funds and "long-only" investors.	• The company is "forward selling" its ordinary shares through the equity call option, which, if exercised, will lead to dilution of existing shareholders' stakes in the company – this may be a sensitive area from a relationship perspective for the company and put downward pressure on the company's share price. From a legal perspective, the pre-emption right position of existing shareholders will need to be considered. • The ordinary shares of the company may not perform during the life of the bonds. In this case, holders of the bonds may not exercise their conversion rights and the company will be forced to pay interest on the bonds during their entire tenor and, on their final maturity date, return principal through new financing or available cash. • The hedging strategies of certain investors may lead to downward pressure on the company's ordinary shares, as some investors that purchase the convertible bonds may "short" the ordinary shares to hedge their respective positions.



	Benefits	Disadvantages
Investor	• Irrespective of the performance of the ordinary shares of the company, the bonds continue to provide a fixed rate of income for investors through the coupon, and a protected return of principal on their final maturity date. • If the company were to become insolvent or be liquidated, an investment in convertible bonds would have even rank with the company's unsecured debt and rank ahead of an investment in the ordinary shares of the company in insolvency proceedings. • The investor has, as mentioned above, upside participation in the performance of the ordinary shares of the company, as its option to convert its holding of the bonds into ordinary shares is set at a fixed price, and the holder of the bonds therefore benefits from any increase in the market value of the ordinary shares above that fixed conversion price.	• If the ordinary shares of the company do not perform, the investor will have achieved a poor return on its investment (represented by the lower coupon payable on convertible bonds as against the coupon payable on plain vanilla bonds of a similar credit) as at the final maturity date. This opportunity cost may be partially offset by gains made by shorting the ordinary shares. • The value of convertible bonds can be eroded by corporate actions taken by the company or negative events which occur in the life of its business. Whilst customary protections are contained in the terms of convertible bonds it is not possible to protect the investor from all events which might erode the value of their convertible bonds.



CREDIT AND EQUITY PROTECTION

WHAT PROTECTIONS DO INVESTORS EXPECT IN THE TERMS OF CONVERTIBLE BONDS?

(A) Credit Protection

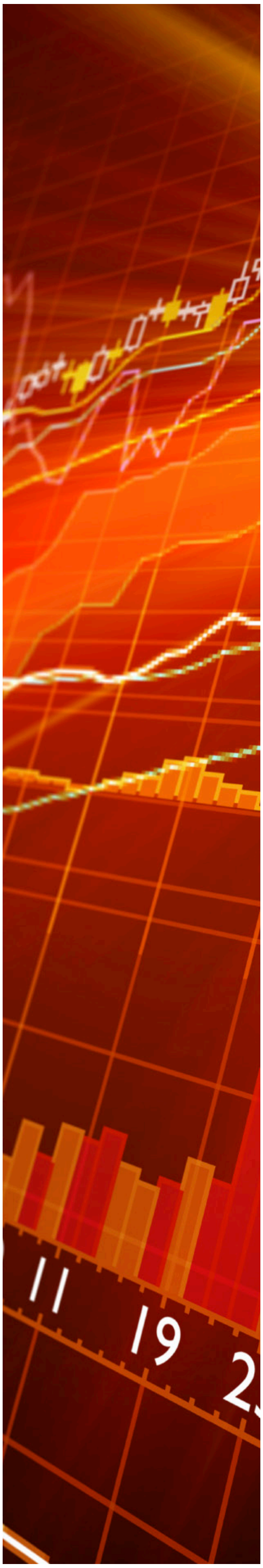
The convertible bond market has, conventionally, been a senior, unsecured bond market which has followed the terms of plain vanilla senior, unsecured Eurobonds in respect of the fundamental credit protections expected by investors. This might, at first, sound counter-intuitive, given many of the companies which issue convertible bonds are "cross-over credits" or non-investment grade companies. It is, however, a combination of the embedded equity call option and the types of investors in this asset class (and, in particular, hedge funds which hedge their credit exposure) which mitigates any related concerns as to the nature of the bonds' limited credit protections. Whilst the terms of each issue of convertible bonds will vary, it would be customary to find few (if any) covenants in their terms, other than a negative pledge and a series of events of default.

(I) **Negative Pledge:** An example of the negative pledge which might appear in the terms of a convertible bond is set out on page 22 of this guide (a "Eurobond Negative Pledge"). In summary, a Eurobond Negative Pledge is by no means as restrictive as an "all monies" negative pledge customarily found in credit facilities. A Eurobond Negative Pledge seeks only to protect the marketability of the convertible bonds in the secondary markets by ensuring that, should the company (or, if agreed, all or some only of its subsidiary companies) seek to issue in the future a secured bond or other form of secured indebtedness which is capable of being listed or traded on the same or competitive markets, the holders of the convertible bonds will be entitled to the same or a similar security package.

Despite the inherent limitations of a Eurobond Negative Pledge, the company may wish to restrict its scope to only the company itself, or a defined number of principal subsidiaries. The company may also consider tailored exceptions (including to exempt pre-existing financing arrangements).

Any such exceptions would, of course, need to be discussed in detail with the relevant underwriting banks to assess their affect on the pricing and marketability of the convertible bonds.

(ii) **Events of Default:** The events of default set out in the terms of a convertible bond will reflect the credit quality of the relevant company and will be broadly aligned with the events of default set out in the terms of other Eurobonds (if any) issued by the relevant company (or similar to the events of default of other companies of similar credit standing and industry), including, amongst others, default on failure to pay, cross acceleration and insolvency. The related grace periods and other carve-outs to the Events of Default which benefit the relevant company will also closely track similar mitigation provisions found in the terms of other Eurobonds or, if no such Eurobonds have been issued, will be specifically structured to meet the company's business needs. A summary example of a customary package of events of default found in the terms and conditions of a convertable bond are set out on page 23 of this guide.



(B) Protecting the Equity Call Option's Value

As mentioned earlier in this Guide, investors in convertible bonds forego a higher coupon for the benefit of the equity call option. The investors have bought this equity call option, however, with a conversion price at a premium to the market price of the ordinary shares of the company. If the value of the equity call option is negatively affected by actions taken by, or events in the life of, the company, then investors will require compensation by an effective return of their Conversion Premium.

This "plays out" in practice in the terms of convertible bonds by a downward adjustment to the bonds' conversion price. As the number of ordinary shares deliverable on the exercise of conversion rights by a bondholder is determined by dividing:

(i) the principal amount of each convertible bond by

(ii) the conversion price of the bond in effect immediately prior to its exercise,

the reduction in the denominator yields for an investor, on conversion, a greater number of ordinary shares per bond – thus compensating the investor for loss of value in the equity call option purchased by it, at pricing, at a premium. This compensation by means of anti-dilution provisions in the terms of convertible bonds (also known as "Adjustment Provisions") is best seen in a series of examples:

1. MECHANICAL ADJUSTMENTS

Easiest perhaps to understand are mechanical adjustment provisions, which are triggered when the company takes corporate actions which have a "mechanical effect" on the price of an ordinary share. Let's say, for example, the market price of a company's ordinary share is 10 pence and, at pricing, the conversion price of its convertible bonds is set at 12 pence (i.e. at a 20% Conversion Premium). Assuming the market value of the company is stable, if the company later decides to subdivide its ordinary shares of 10 pence by undertaking a "stock split" at a ratio of 1:2, each existing ordinary share of 10 pence will now be worth 5 pence only and the conversion price of 12 pence will also need adjusting (halving) to protect Parity.

Summary of Formula:

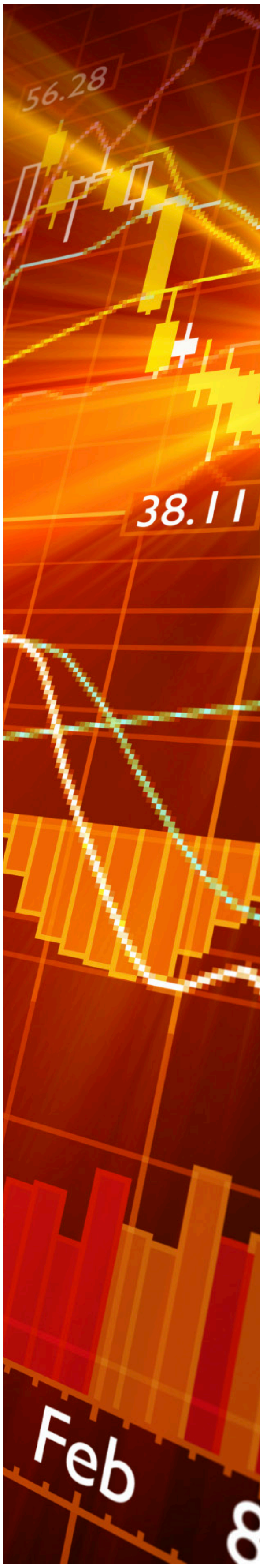
If and whenever there shall be a subdivision affecting the number of Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A	*is the aggregate number of Ordinary Shares in issue immediately before such subdivision; and*
B	*is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such subdivision.*

Other examples of mechanical Adjustment Provisions in the terms of convertible bonds include consolidation and reclassification of the company's ordinary shares and the issue of bonus shares by the company by means of capitalisation of reserves.



2. PARITY ADJUSTMENTS

In addition to corporate actions of the company which result in mechanical adjustments to the conversion price, a company may negatively affect Parity by distributing cash and non-cash assets of the company to existing shareholders and/or issuing further securities to other persons at an undervalue.

The company may, for example, make a rights issue of ordinary shares (i.e. a new issue of ordinary shares to shareholders pro rata) or options below the current market price of the ordinary shares (as is almost invariably the case in order to encourage shareholders to subscribe the rights).

As a result, the market price of the ordinary shares and, accordingly, Parity, will drop, because the company has not received full value for the rights. However, the holders of convertible bonds will have not been able to participate in the rights issue, unlike the existing shareholders of the company. The conversion price of the convertible bonds is, accordingly, adjusted downwards to compensate bondholders, by reference to the value of the rights that are given to shareholders.

Summary of Formula:

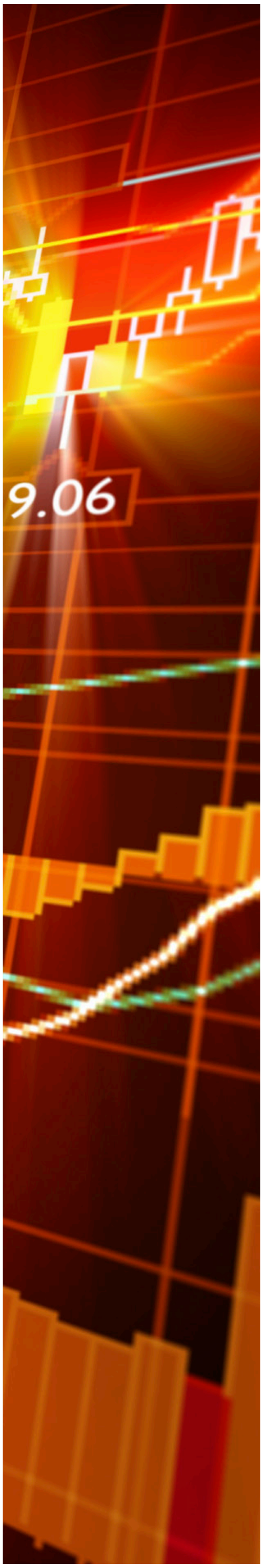
If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights at a price per Ordinary Share which is less than 95% of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A	*is the number of Ordinary Shares in issue on the Effective Date;*
B	*is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights would purchase at such Current Market Price per Ordinary Share; and*
C	*is the number of Ordinary Shares to be issued.*

Other examples of Adjustment Provisions relating to Parity relate to the making of non-cash distributions, spin-offs, share buy-backs at a premium and the payment of cash dividends. A separate section on "Dividend Adjustments" is set out below in this Guide.



3. OPTIONALITY ADJUSTMENTS

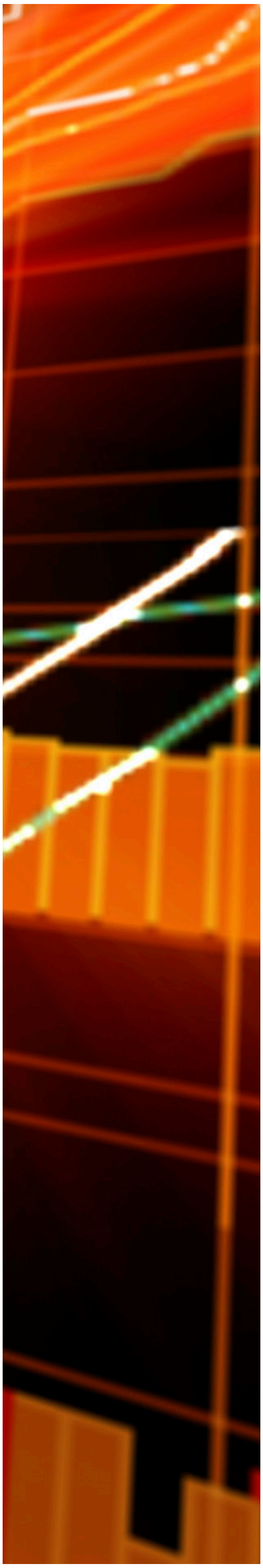
Optionality and time value: As described above, a key feature of a convertible bond is Optionality. To recap, Optionality is the value attributable to the capped downside risk provided by the Bond Floor and the equity upside potential provided by the embedded equity call option. Just like any other option, the embedded equity call option's "time value" diminishes over the tenor of a convertible bond. As the conversion price is set at a premium to the market price of the ordinary shares at Pricing (when the embedded equity call option is said to be "out of the money") and a bondholder will only convert its bonds from a point in time at which its conversion price is lower than the market price of the ordinary shares (when the embedded equity call option is said to be "in the money"), the closer the bond moves towards its final maturity date with the embedded equity call option "out of the money", the less time value can be attributed to the embedded equity call option.

Optionality and volatility: Let's say, however, that the embedded equity call option is "in the money". This will have happened, of course, because the price of the company's ordinary shares has appreciated. So the attractiveness of a convertible bond depends on volatility of share prices and, in particular, the price of the ordinary shares underlying the relevant bond. Take away this volatility, and the embedded equity call option can become worthless, so Optionality is protected by means of Adjustment Provisions.

Cash takeovers represent the most obvious choice to highlight the above, as cash has little or no volatility. Delisting of the ordinary shares underlying the bonds (which results in a material drop in their liquidity) might also serve as an example of this type of Adjustment Provision. In each case, the Optionality in the bonds is materially reduced and a downward adjustment to the conversion price of the bonds is effected to return, in whole or in part, Conversion Premium to bondholders.

The downward adjustment to the conversion price of the bonds is more significant the further the bonds are from their final maturity date, as the embedded equity call option retains greater time value.

In contrast, the nearer the bonds are to their final maturity date, the smaller the downward adjustment to the conversion price of the bonds, as the embedded equity call option retains less time value. In other words, protection of the time value of the embedded equity call option is customarily effected by straight line amortisation of the Conversion Premium, which can be provided for in the terms of the bonds by a "Ratchet Table" or by means of formula.



For example, a convertible bond with the following economics:

Ordinary Share Price at Pricing: EUR 10.1716 per share

Initial Conversion Price of Bonds: EUR 13.9859 (37.5% premium to reference price)

Issue Date: 28 August 2013

Final Maturity Date: 28 August 2020

Conversion Date	Conversion Price (Euro)
On or before 28 August 2014	10.17
Thereafter, but on or before 28 August 2015	10.72
Thereafter, but on or before 28 August 2016	11.26
Thereafter, but on or before 28 August 2017	11.81
Thereafter, but on or before 28 August 2018	12.35
Thereafter, but on or before 28 August 2019	12.90
Thereafter and until the Final Maturity Date	13.44

If a cash takeover occurs on or before 28 August 2008, then the initial conversion price of the bonds is adjusted downwards to equal the price of the ordinary shares of the company at Pricing – so the Conversion Premium is returned to the bondholders in full, reflecting the significant time value of the embedded equity call option at this early stage in the tenor of the bonds. If we then take a similar occurrence of a cash takeover in the last year of the bonds' tenor, you will see that the adjustment to the conversion price of the bonds is much less significant, as the embedded equity call option is "time value" has, broadly, run its course by this time. This straight line amortisation of the Conversion Premium can be, and is frequently represented by, a formula in the terms of convertible bonds.

For example:

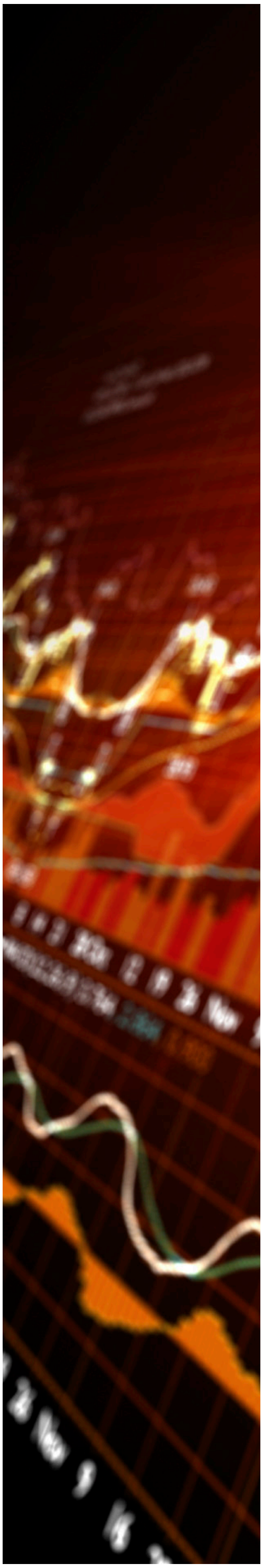
"If a Change of Control shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price (the "Change of Control Conversion Price") shall be determined as set out below:

$$\mathrm{NCP} = \frac{[RP \times (N - n)] + [(OCP \times n)]}{N}$$

where:

NCP	*is the new Conversion Price;*
RP	*is [customarily, VWAP between Launch and Pricing;*
OCP	*is the current Conversion Price on the relevant Conversion Date;*
N	*is the number of days from (and including) the Closing Date to (but excluding) the Final Maturity Date; and*
n	*is the number of days from (and including) the Closing Date to (but excluding) the date of the Change of Control"*

or



"If a Change of Control shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price (the "Change of Control Conversion Price") shall be determined as set out below:

$$COCCP = \frac{OCP}{1 + (CP \times c/t)}$$

where:

COCCP	*is the Change of Control Conversion Price;*
OCP	*is the Conversion Price in effect on the relevant Conversion Date;*
CP	*is [the Conversion Premium;*
c	*is the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date; and*
t	*is the number of days from and including the Closing Date to but excluding the Final Maturity Date."*

4. DIVIDEND ADJUSTMENTS

Investors will, in their assessment of the company's convertible bonds, almost certainly focus on the dividend yield of the company's ordinary shares which they will forgo, until conversion, if they choose to invest in the company's convertible bonds instead of its ordinary shares. If a company has, historically, paid regular ordinary dividends to shareholders, then investors may assess the time period for them to "break even" on their investment in the convertible bonds by comparing the convertible bonds' yield against their fair estimate of the company's ordinary dividend yield. Investors may "price" their investment in the convertible bonds against this backdrop, and will, in these circumstances, be prepared to forego ordinary dividends without any consequential adjustment to the conversion price – in other words, investors may be willing to give the company a certain level of "dividend credit" in respect of ordinary dividends, but will continue to expect that "extraordinary dividends" will lead to a conversion price adjustment.

If, however, a company has never paid a dividend previously, investors will price their investment in the convertible bonds on this basis, and may expect any dividend to result in an adjustment to the conversion price – such a position is often referred to as "full dividend protection".

These different outcomes are replicated in the terms of convertible bonds as follows:

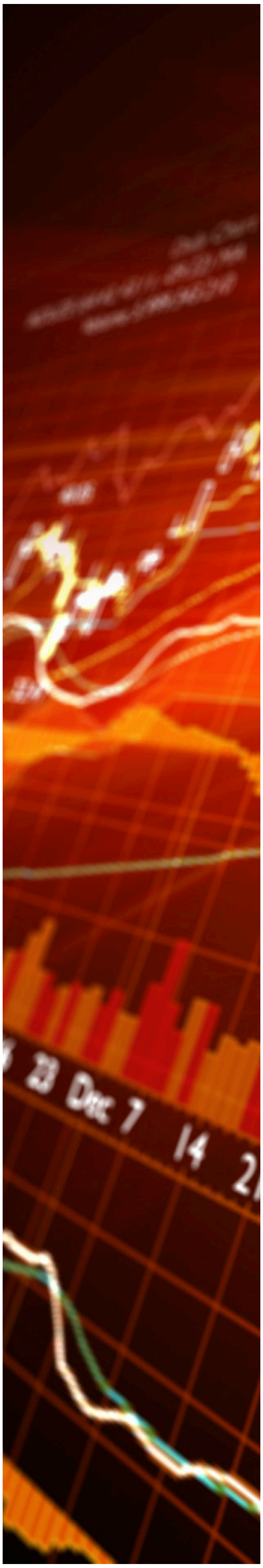
(i) Full Dividend Protection:

"If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A	*is the Current Market Price of one Ordinary Share on the Effective Date; and*



B — *is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend."*

In effect, the value of any dividend is given in full to holders of the convertible bonds on conversion by means of a consequential downward adjustment to the conversion price.

(ii) Dividend Credit:

As mentioned above, a company may regularly make or pay cash or non-cash dividends and may have, in place, a progressive dividend policy. Investors in the company's convertible bonds will, accordingly, be in a position to "price" such ordinary dividends into their assessment of the value of the convertible bonds. The investors will not, however, be able to plan for extraordinary dividends which exceed a particular monetary or yield threshold in a particular year. In such circumstances, the terms of the convertible bonds may grant to the company a certain degree of "dividend credit" for ordinary cash dividends (the making of non-cash dividends by companies are rarer, in general, and are normally adjusted for in full), so that the Adjustment Provision is not triggered below the relevant monetary or yield threshold attributable to a particular fiscal period. This is customarily reflected in the terms of convertible bonds in a formula, with "C" reflecting the dividend credit aspect of the formula:

"If and whenever the Issuer shall pay any Extraordinary Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A - C}$$

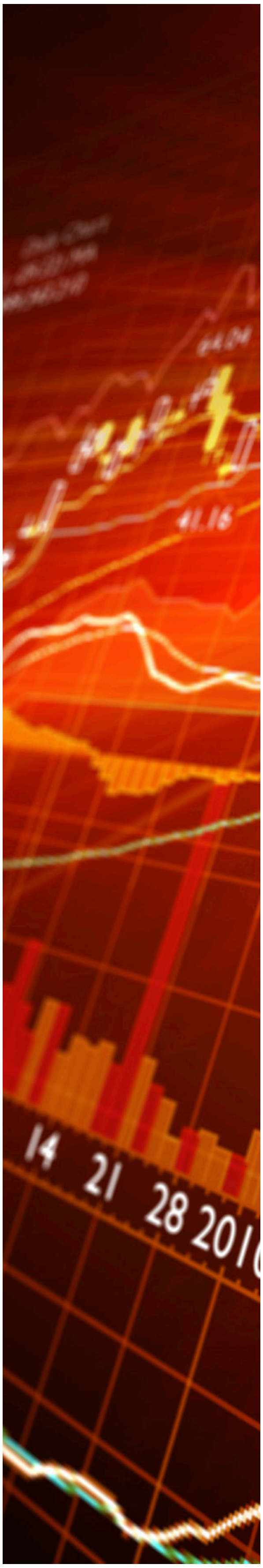
where:

A — *is the Current Market Price of one Ordinary Share on the Effective Date;*

B — *is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend; and*

C — *is the amount (if any) by which the Threshold Amount in respect of the Relevant Year exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per Ordinary Share paid or made in such Relevant Year (where C shall be zero if such previous Cash Dividends per Ordinary Share are equal to, or exceed, the Threshold Amount in respect of such Relevant Year). For the avoidance of doubt "C" shall equal the Threshold Amount in respect of the Relevant Year where no previous Cash Dividends per Ordinary Share have been paid or made in such Relevant Year."*

Worthy of note is, in addition, the definition of dividend, which will be widely construed to capture any dividend or distribution to shareholders whether of cash, assets or other property (including spin-off securities and share buybacks at a premium).



5. UNDERTAKINGS (COVENANTS)

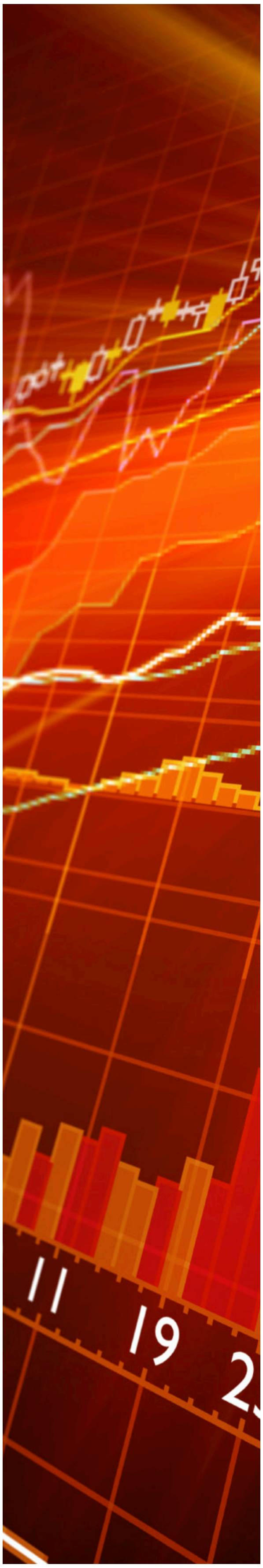
The terms of a convertible bond will also include certain positive and restrictive (negative) covenants. These covenants are included in the terms of convertible bonds to enhance the Adjustment Provisions by requiring the company to take certain positive actions or prohibiting the company from taking certain negative actions if the relevant act/omission could adversely impact the market price of the company's shares and is not capable of being compensated for by an adjustment to the conversion price. The covenants are, therefore, mutually exclusive with the Adjustment Provisions. Typical examples (though the undertakings themselves are somewhat extensive) of such covenants are as follows:

Summary examples of positive covenant:

- The company must maintain sufficient authorized but unissued share capital to be able to deliver shares on conversion of the bonds at any time.
- The company must maintain the listing of its shares and list any new shares issued on conversion of the bonds.

Summary examples of negative undertakings:

- The company must not undertake a bonus issue of its shares, share capital reduction or other transaction affecting share capital absent a corresponding adjustment to the conversion price.
- The company must not modify the economic and voting rights attached to its shares.



EARLY REDEMPTION RIGHTS

WHAT RIGHTS OF EARLY REDEMPTION FOR THE COMPANY ("CALL RIGHTS") AND FOR THE BONDHOLDERS ("PUT RIGHTS") ARE TYPICALLY FOUND IN THE TERMS OF CONVERTIBLE BONDS AND WHY?

(A) CALL RIGHTS

There is a tension in the economics of convertible bonds between Optionality and Call Rights, because any election of the company to redeem the bonds early brings to an end the upside potential of the bonds and, accordingly, caps Optionality. And any cap on Optionality could, in practice, affect adversely the marketability and price of the bonds, which is a topic that will be explored on a case by case basis between the company and the relevant underwriting banks. The Call Rights typically found in the terms of convertible bonds are as follows:

- A Call Right at par if Parity is more than, customarily, 130% of the conversion price over a prescribed period, which forces conversion of the bonds by the bondholders at this 130% hurdle (so called "Parity Value Call Protection"). Set out in the bond terms from their issue date, this Call Right caps Optionality at 130% of the conversion price and allows the company to "take back" upside potential in its ordinary shares from bondholders at a price above the 130% hurdle. A company may, accordingly, consider this Call Right to be advantageous, but its affect on the marketability of the bonds and their pricing should, as mentioned above, be discussed at an early stage in the structuring of the bonds.

Summary example:

"On giving not less than 45 nor more than 60 days' notice to the Trustee and to the Bondholders, the Issuer may redeem all but not some only of the Bonds on the date specified in the relevant notice at their principal amount, together with accrued but unpaid interest to such date if the Parity Value on each of at least 20 dealing days in any period of 30 consecutive dealing days ending not earlier than 14 days prior to the giving of the relevant notice by the Issuer shall have exceeded 130 % of the conversion price in effect)as deemed to be in effect) on each such dealing day.

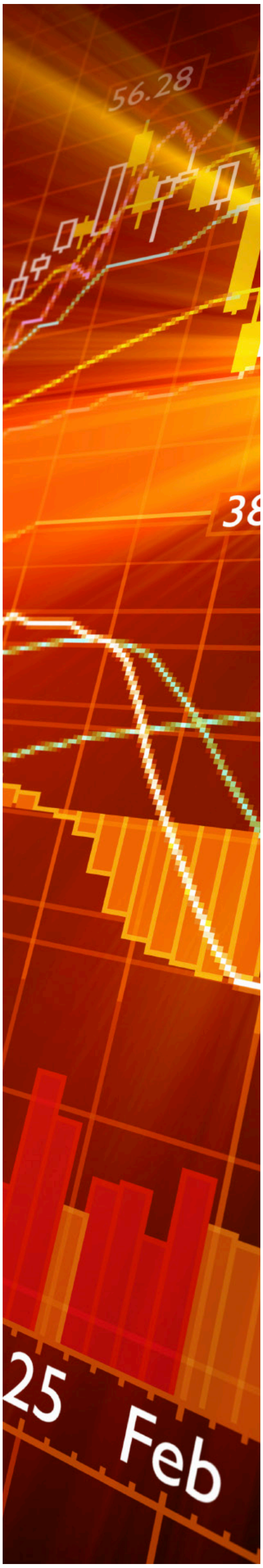
Parity Value means, in respect of any dealing day, the amount calculated as follows:

$$PV = N \times VWAP$$

where:

PV	*is the Parity Value;*
N	*is the number of Ordinary Shares that would fall to be issued or delivered on the exercise of Conversion Rights in respect of a Bond, assuming the Conversion Date to be such dealing day; and*
VWAP	*is the Volume Weighted Average Price of a Ordinary Share on such dealing day.*

- A Call Right at par if there is a change or amendment to the laws or regulations of the tax resident jurisdiction of the company following Pricing, which would require the company to withhold or deduct taxes from payments of principal or interest to bondholders (a "Tax Call"). A Tax Call is customarily included in the terms of convertible bonds to the extent that the bond terms also include a provision which requires the company to pay additional



amounts to bondholders on the relevant payment day to ensure that, notwithstanding any withholding or deduction of taxes, the relevant bondholders receive their payment of principal or interest gross (a "Gross Up Provision"). There is nothing extraordinary in a Tax Call and Gross Up Provision being found in the terms of a Eurobond, as the Eurobond market has, for many reasons, developed as a gross-paying bond market and the provisions of a Tax Call are, as a result, standardised. It is worth noting, however that:

- Not all convertible bonds are issued with the benefit of a Gross Up Provision or a corresponding Tax Call, and this is often said to relate to the limited coupon payable on convertible bonds; and
- A Tax Call will, if exercised, cap the Optionality of the bonds and is, customarily, drafted with an "opt-out" for bondholders –bondholders can, therefore, elect, following notice of a Tax Call from the company, to not be redeemed at par, but to continue to hold their bonds and receive future interest and other amounts payable on the bonds net of any withholding or deduction of taxes (a "Tax Call Trump Card"). A Tax Call Trump Card may be attractive to holders of convertible bonds that are "in the money", as the associated loss of coupon yield as a result of the withholding or deduction of taxes may be set off adequately by the profit generated on conversion of the bonds into ordinary shares at a conversion price which is significantly lower than the market price of the company's ordinary shares.

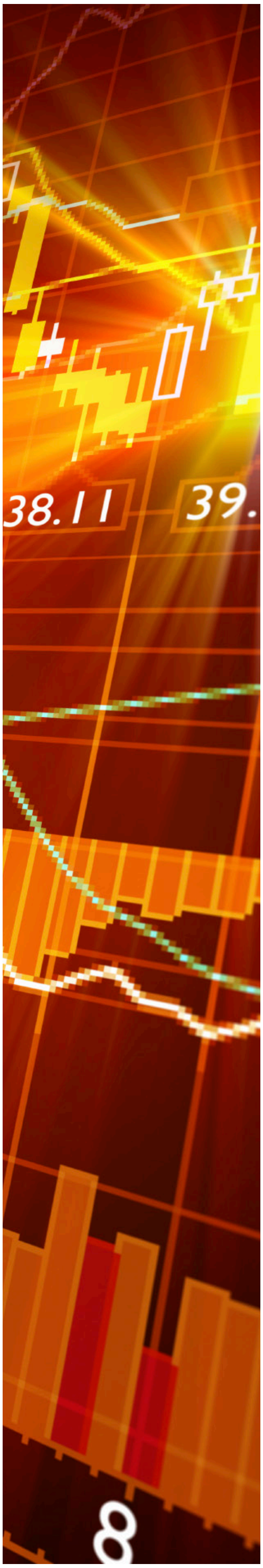
- A Call Right at any time if the majority of the convertible bonds (customarily 85% to 90% of the originally issued principal amount of the bonds) have already been converted, redeemed or purchased. This Call Right is typically included in the terms of convertible bonds to allow the company to remove outstanding stubs of its debt securities from the market.

(B) PUT RIGHTS

Put Rights are a more "individual theme" for convertible bonds and will be negotiated into their terms on a case by case basis. It is worth focussing briefly, however, on takeover protection in the form of a Put Right, commonly found in the terms of convertible bonds (a "Change of Control Put").

As mentioned above, cash takeovers will, typically, have a material adverse affect on the Optionality of convertible bonds and bondholders will expect, in these circumstances, to be compensated by a return of Conversion Premium. If, however, the convertible bonds are, prior to the announcement of a cash takeover, substantially "out of the money", it may be unlikely that a consequential downward adjustment to the conversion price on a takeover will trigger much interest among bondholders to convert. In addition, given the sensitivity of the convertible bond price to the announcement of a takeover and the likelihood of significant downward pressure on the price of the convertible bonds in the secondary markets, bondholders may simply wish to recover their monies on the first sign of a takeover.

A Change of Control Put will typically be at par and will be available for bondholders during the same period as their right to convert at the Change of Control Conversion Price. Bondholders may, accordingly, choose which takeover protection they wish to adopt, though the performance of the ordinary shares of the company at the time at which a decision has to be made by bondholders may make the ultimate election relatively clear-cut.



INDICATIVE TRANSACTION TIMETABLE AND DOCUMENTATION PROCESS

WHAT IS THE PROCESS TO OFFER CONVERTIBLE BONDS TO THE MARKET?

We've ignored until now another key advantage of convertible bonds over both plain vanilla debt and equity issuance – namely, the ability of debut issuers to access the capital markets on an "accelerated book build basis". This ability is incredibly important at a time of ever shrinking execution windows when each piece of material economic date is immediately available to, and analysable by, each and every investor and often has an immediate affect on the price of listed securities. The accelerated book build process allows a company to choose its execution window when there are positive pressures on its shares and to execute the placement almost immediately. A classic timetable for an accelerated book build is as follows:

Same Day	**Launch**	**Launch Term Sheet** **Launch Announcement**
	↓	
	Price	**Pricing Announcement** **Pricing Term Sheet** **Subscription Agreement** **Stock Borrow** **Hedging Agreements**
3-4 Weeks	↓	
	Closing	**Listing Particulars** **Trust Deed** **Paying, Transfer and Conversion Agreement** **Opinions / Comfort Letters Payment against Delivery**

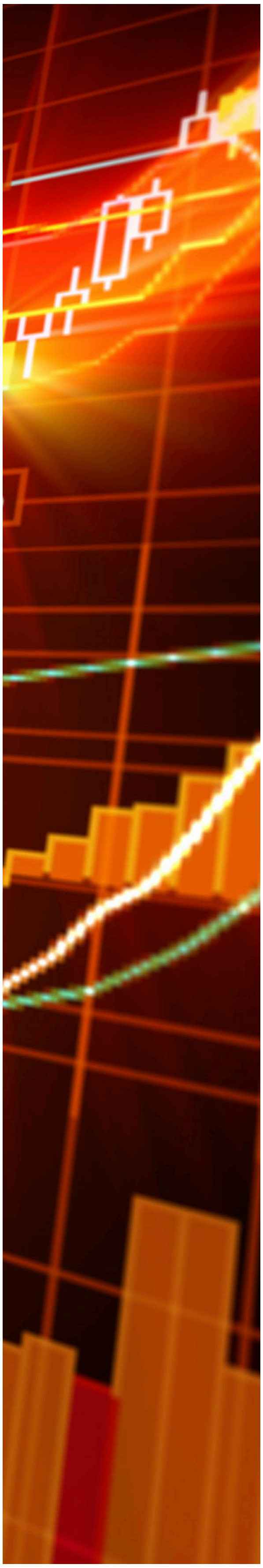
- Launch: At Launch, a term sheet will be agreed, which will summarise the economic terms described in this Guide and will set out agreed upon pricing parameters for the coupon and the Conversion Premium, to be finalised at Pricing. The Launch Announcement will, in summary, introduce the offering to investors and include details of the issuer, reasons for the offering of convertible bonds, size of offering, pricing parameters, conversion and redemption features of the bonds and the indicative date for the issue of the bonds. Each of these documents will refer investors to either:

  – a Listing Particulars, should an application for listing of the convertible bonds be planned and a Listing Particulars be required by the relevant listing venue (please see below); or

  – the terms and conditions of the bonds, if Listing Particulars are not to be prepared because the convertible bonds are to be unlisted or listed on a venue which does not require Listing Particulars,

  in each case, for a full description of the convertible bonds and their rights. Please see below for further information relating to Listing Particulars.

  Launch will typically occur as soon as the markets open on a predetermined date and will be followed by a "book build" process conducted by the relevant underwriting banks, with the aim of reaching Pricing at a later time on the same day.



- **Pricing:** Pricing will normally occur once the book is closed by the underwriting banks. At this stage, the syndicate desks of the relevant underwriting banks will convey to the company the coupon and Conversion Premium at which, sufficient book of investors is willing to purchase the principal amount of convertible bonds to be issued, as well as their judgment as to the right price and allocations of the bonds between investors. Once pricing is agreed with the relevant company, a Pricing Announcement will be made by the company to the market. This will not be dissimilar to the Launch Announcement, but will set out the agreed pricing and further details as to the issue and delivery of the bonds. The Pricing Term Sheet will also be finalised and sent to the investors, and a subscription agreement, described below in more detail, will be signed by the company and the underwriting banks. Other agreements, such as stock borrow and hedging agreements may also be signed at Pricing, and these agreements are also explored in more detail below.

- **Closing:** On the date of Closing, the convertible bonds will be issued by the company, and subscribed for by the underwriting banks, in each case, in accordance with their several underwriting commitments which will be set out in the subscription agreement.

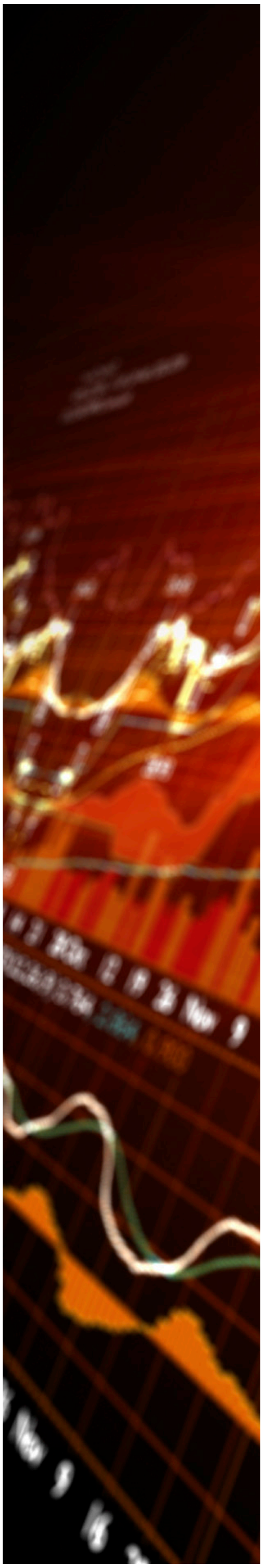
  - **Settlement:** As is customary in the Eurobond markets, the convertible bonds will normally be issued into an international clearing system (such as Euroclear, Belgium and Clearstream, Luxembourg) and interests in the convertible bonds will be traded by bondholders as direct or indirect participants of these clearing systems. Closing typically occurs on a "delivery vs. payment" basis so, based on matched instruction letters of the company and the banks, the convertible bonds are delivered into the relevant distribution account of the bank organising settlement against payment of the issue price for the bonds, less any agreed commissions and expenses.

  - **Listing:** Convertible bonds may or may not be listed at Closing. Typically, if listing is to be obtained for the bonds as a means of falling within an exemption from the requirement to withhold or deduct tax, then the listing of the bonds may occur at Closing or at any time thereafter prior to the first interest payment date on the convertible bonds. As a result, the subscription agreement will either specify listing (and, if required by the relevant listing venue, the preparation of an offering circular or listing particulars, "Listing Particulars") as a condition precedent to Closing or as an undertaking of the company which needs to be met prior to the first interest payment date on the bonds.

- A trust deed and paying, transfer and conversion agency agreement may also be signed on Closing:

  - **Trust Deed:** In summary, a trust deed constitutes the bonds and is entered into by the company and a professional trustee which oversees the company's compliance with the terms of the bonds, interacts with the company in relation to any required modifications or waivers to the bond terms and their enforcement, in each case, acting in the best interests of the bondholders as a class.

  - **Paying, Transfer and Conversion Agency Agreement:** This agreement is entered into by the company and professional bond agents who, acting as agents of the company, will help facilitate payments on the bonds and transfers, conversions and redemptions of the bonds during their tenor.



On Closing, conditions precedent to the issue of the bonds, as outlined in the subscription agreement, will be delivered to the relevant underwriting banks. These conditions precedent will typically consist of:

- **constitutional documents and board resolutions of the company:** authorising, in particular, the issue of the bonds, the issue and allotment of ordinary shares on conversion of the bonds, the disapplication (if necessary) of pre-emption rights of existing shareholders and the execution of the bond documentation;
- any relevant **external consents or waivers** required in connection with the issue and offering of the convertible bonds;
- **customary legal opinions** which include, amongst others, opinions on the due incorporation of the company, due authorisation of the bonds and the legal, valid, binding and enforceable nature of the obligations of the company pursuant to the bond documentation; and
- if Listing Particulars are to be prepared in relation to the listing of the bonds, **customary auditors' comfort letters** which provide the underwriting banks with (i) comfort that the auditors have undertaken certain agreed upon procedures in relation to the financial information contained in the Listing Particulars and (ii) "negative assurance" comfort as to the absence of material changes with regard to certain specified financial line items since the date of the most recent financial statements included in the Listing Particulars.

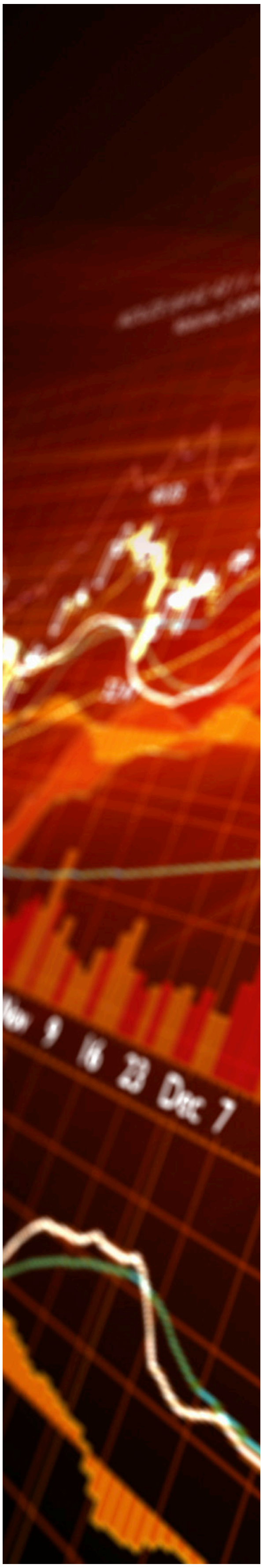
WHAT ARE THE RISKS OF AN ACCELERATED BOOK-BUILD PROCESS AND HOW ARE THESE RISKS MITIGATED?

The advantages of an accelerated book-build also result in risks. These are both:

- **Disclosure risks:** as no Listing Particulars are available for investors between Launch and Pricing when the investors are making their investment assessment of the company and the convertible bonds; and
- **Diligence risks:** as only limited diligence can, given timing constraints, be conducted by the underwriting banks between Launch and Pricing.

In addition, the potentially long gap between Pricing and Closing itself creates market risk for the underwriting banks, which needs to be mitigated by the provisions of the subscription agreement. So how are these risks mitigated?

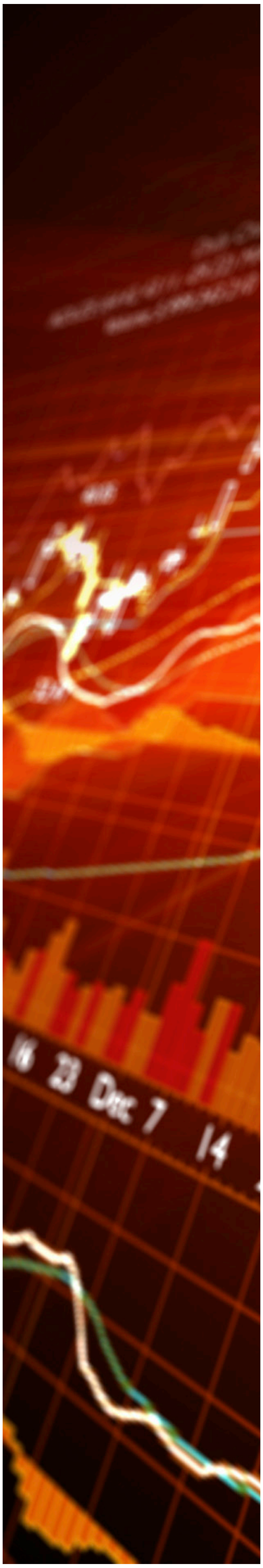
Disclosure and diligence risk: can be mitigated by the existence of quality public disclosure regarding the company and, in the subscription agreement, by an extensive package of warranties which are underpinned by an indemnity of the company for their breach. These warranties delve into all areas of the business of the company which would be typically disclosed in detail in an offering circular for an equity offering and will include, amongst others, warranties on the company's accounts, its tax liabilities, any material legal proceedings, consents and licences, real estate, insurance policies, environmental liabilities, acquisitions and disposals and labour disputes. The list of warranties will be focussed, specifically, on the company's business and will typically be no less detailed than the warranty package expected of a company in relation to an equity placement – with respect to potential liability of the underwriting banks, a purchase of convertible bonds is, *de facto*, a purchase of deferred equity.



Aside from the business-related warranties, the underwriting banks will require, as a matter of course, the company to confirm that, as at Pricing, there is no non-public price sensitive information in the possession of the company which, if made public, could be expected to have an effect upon the market price of the convertible bonds, the company's shares and/or its business. The company will also be required to confirm that (i) its filings with relevant regulatory authorities are up to date and are true and accurate, as it is this information on which investors rely when assessing the company and the convertible bonds and (ii) a Listing Particulars will, if prepared by the company, be true and accurate in all material respects and contain all material information about the company and the convertible bonds.

Market risk: The company will also be required to give the underwriting banks certain undertakings to reduce the market risk to investors in the period between Pricing and Closing and in the immediate period post Closing, when a market in the bonds is developing. These undertakings include:

- "Lock Up" Agreement: to be entered into by the company and, dependent on the structure of the company's group, by key shareholders, which prevents the relevant parties from, as applicable, issuing or selling an interest in shares and equity-linked instruments of the company in a manner which could affect the value of the embedded equity call option in the convertible bonds;
- No Dilution Undertaking: aimed at preventing corporate actions of the company which would have led to an adjustment to the conversion price of the bonds pursuant to their terms, had the bonds been in issue at Pricing (as opposed to Closing); and
- Announcements Undertaking: aimed at avoiding public announcements of the company that would be material to the offering of the bonds without the underwriting banks' review and approval.



LISTING REQUIREMENTS

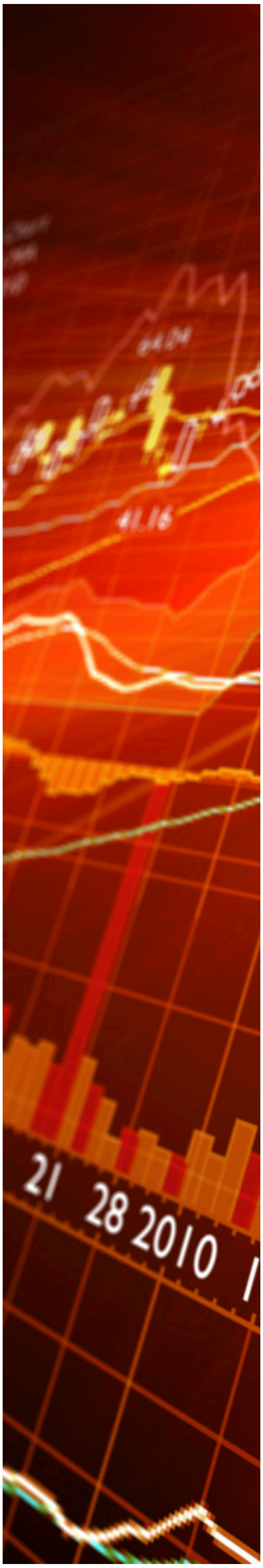
WHY MIGHT A LISTING BE REQUIRED OF A COMPANY'S CONVERTIBLE BONDS AND WHAT ARE THE LISTING AND DISCLOSURE REQUIREMENTS FOR THE COMPANY TO LIST CONVERTIBLE BONDS?

A company's convertible bonds may be more accessible to certain types of investors if they carry a listing. This is because:

- certain investors are constrained by their constitutional documents or internal policies from acquiring unlisted (or otherwise illiquid) securities or from allowing such securities to exceed a certain percentage of their investments; and
- a listing of the securities on an exchange may, as mentioned above, be a legal pre-requisite to the company's right to pay interest, principal and other amounts on the convertible bonds gross of taxation or other withholding.

The listing and disclosure requirements to be met by a company and its convertible bonds will depend, broadly, on the relevant listing venue. In Europe, most convertible bonds are admitted to trading on an exchange-regulated market, such as the London Stock Exchange's Professional Securities Market and the Luxembourg Stock Exchanges Euro MTF and investors have, to date, been comfortable with these venues in terms of the quantity and quality of disclosure required for Listing Particulars and the compliance regimes to which companies are held post-issuance of the bonds.

The prescribed disclosure requirements will generally require Listing Particulars to include information on the company and the material risks related to an investment in its business and information on the convertible bonds (which will be represented, broadly, by the terms and conditions of the bonds set out in full in the Listing Particulars).



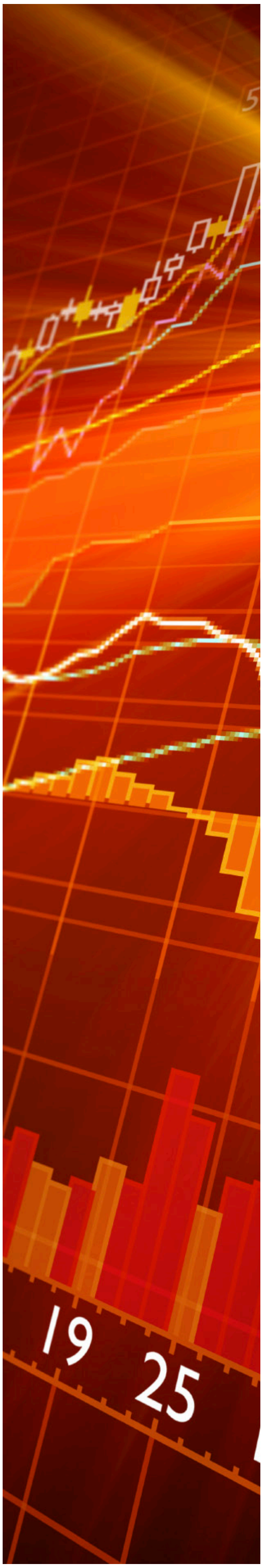
DILUTION MITIGATION OPTIONS

DILUTION OF EXISTING SHAREHOLDERS STAKES IN THE COMPANY – MITIGATION OPTIONS

There are a number of ways in which a company might, as part of its structuring of a convertible bond, seek to reduce dilution for existing shareholders. Each such approach will, however, result in a very different tax and accounting outcome for the company, and it is beyond the scope of this Guide to provide analysis or advice on these potential outcomes, which the Mayer Brown convertible bond team could consider for you on a case by case basis. Dilution might be mitigated in one of the following manners:

- **Call Spread Overlays:** A classic convertible bond call spread overlay comprises the following three elements:
  - **Element 1 – Issue of Convertible Bond:** at a fixed conversion price.
  - **Element 2 – Execution of "Convertible Bond Hedge Transaction":** The company buys a hedge from an affiliate of one of the underwriting banks of the convertible bonds (the **Underwriter**) on their issue date. The hedge entitles the company to purchase from the Underwriter existing ordinary shares of the company at a strike price <u>equal to</u> the conversion price of the bonds (and thereby receive delivery of a number of ordinary shares equal to the conversion shares). The hedge is automatically exercisable at one or more times as the corresponding convertible bonds are converted, is settled in the same manner as the bonds and expires on their maturity date. The company pays the affiliate of the relevant underwriting bank a premium for entering into the Convertible Bond Hedge Transaction, based on the fair market value of the hedge –the Convertible Bond Hedge Transaction is a perfect hedge to the embedded equity call option in the convertible bonds, as it offsets the embedded equity call option 1:1, resulting in no equity dilution for the company's shareholders at the conversion price of the bonds.
  - **Element 3 – Execution of "Separate Warrant Transaction":** The company sells a warrant/call option to the affiliate of the relevant Underwriter, giving the affiliate the right to purchase a number of ordinary shares of the company equal to the conversion shares at a strike price <u>significantly higher</u> than the conversion price of the bonds and, consequently, the strike price of the Convertible Bond Hedge Transaction (the **Warrant Strike Price**).

Elements 1 – 3 above allow the company to (a) eliminate all equity dilution resulting from the conversion of the convertible bonds at the conversion price (this means that the company can decide to fix, at pricing, a conversion price which is lower than it might have otherwise been able to do so, thus attracting demand for the bonds and reducing the required coupon), and (b) in the case that the Warrant Strike Price is reached, protect against equity dilution following the exercise of the Separate Warrant Transaction to a degree, as the proceeds paid to the company by the affiliate of the Underwriter, as part of the Separate Warrant Transaction, can be used by the company to repurchase ordinary shares in the market (as described in further detail below).

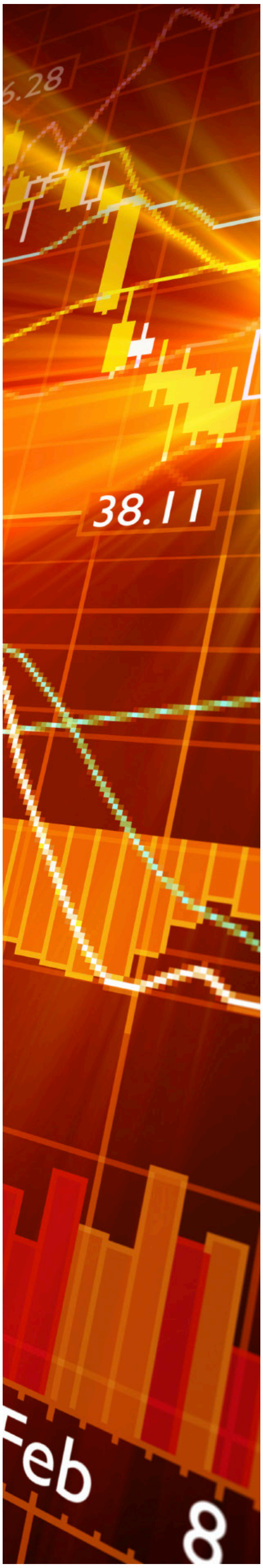


- **Cash Settlement:** The company may include, in the terms of its convertible bonds, a right to elect to deliver (in whole or in part) cash to bondholders instead of shares on the exercise of conversion rights, at a price equal to the average of the market price (customarily, VWAP) of the ordinary shares underlying the relevant bonds during a prescribed calculation period, thereby avoiding, in whole or in part, dilution of existing shareholders.

- **Net Share Settlement:** This feature provides that the principal amount of the relevant bonds to be converted is paid by the company in cash upon conversion, with only the excess value of the ordinary shares underlying the bonds over the principal amount, if any, being "paid" in ordinary shares, thereby reducing dilution of existing shareholders. There are obviously many variables that can be adjusted in this type of feature (i.e. cash, shares or a combination thereof).

- **Parity Value Call Protection:** This feature has been discussed in detail above in this Guide and is a regular feature of European convertible bonds – to reiterate, the upside potential of bondholders is capped by reference to a threshold. Once Parity exceeds this threshold, the company has a right to redeem the bonds at par. This call right effectively "forces" holders to convert their bonds at the prescribed threshold, thereby limiting dilution of existing shareholders to this level.

- **Concurrent Share Repurchases:** A company could, in addition to the above methods to mitigate dilution, use some of the proceeds of the issue of the convertible bonds to enter into simultaneous share repurchases (or a repurchase of another series of outstanding convertible bonds or other equity-linked instruments). By reducing the total number of ordinary shares outstanding on a fully diluted basis, the company would be able to reduce the net potential dilution to existing shareholders from the conversion of the new bonds.



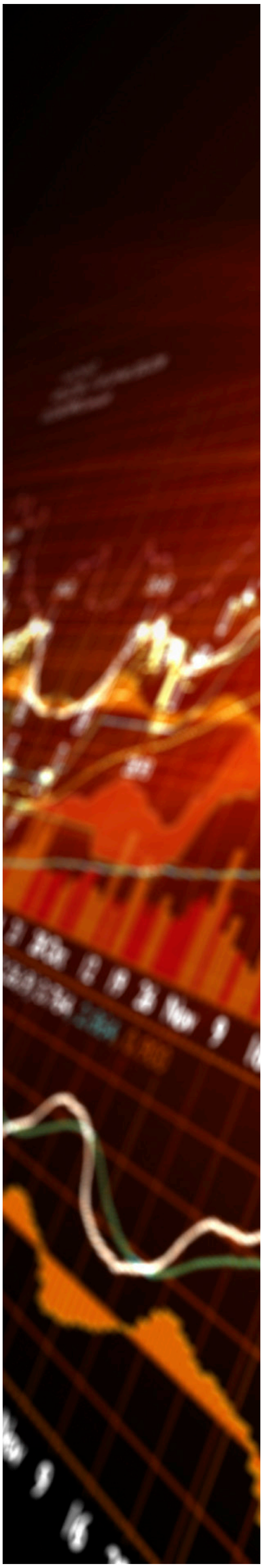
STOCK BORROW

WHAT IS "STOCK BORROW" AND WHY MIGHT IT BE CRITICAL TO THE SUCCESS OF A CONVERTIBLE BOND OFFERING?

In economic terms, a stock borrow arrangement is simply a loan of securities in return for a fee paid to the lender (though, as a legal matter, it usually involves the outright transfer of legal and beneficial ownership of securities from lender to borrower with an agreement by the borrower to redeliver "equivalent securities" at the end of the loan). It is important, however, that the lender remains the economic owner of the securities, as it enables the lender to keep the loan securities on its balance sheet for accounting purposes – to preserve this economic ownership, a stock loan will usually provide for the borrower to compensate the lender for any dividends or interest payments that arise on the loaned securities during the loan term.

Stock borrowing is an essential part of the securities markets and one of its primary purposes is to enable market participants to fulfil their delivery obligations under short sales. This is a critical aspect of the investment strategy of "convert arbitrage" hedge funds, which simultaneously purchase convertible bonds and "short" the company's ordinary shares (thus creating delivery obligations which, given the potential lack of liquidity in the ordinary shares of the relevant company, they may find difficult to meet without stock borrow being available to them).

By going "long" the convertible bonds and "short" the ordinary shares, these hedge funds seek to put themselves in an economic position that, if the company's ordinary share price falls, they benefit from the short position on the company's ordinary shares and, in addition, benefit from their long position in the convertible bonds (the price of which is likely to decline less than the ordinary shares, given their Bond Floor). On the other hand, if the company's ordinary share price rises, these hedge funds will be in a position to convert their bonds and sell the conversion shares at market value, thereby benefitting from their "long position" in the convertible bonds and, ideally, compensating for any losses on their short position in the ordinary shares.



SUMMARY EXAMPLES OF EUROBOND NEGATIVE PLEDGE AND EVENTS OF DEFAULT

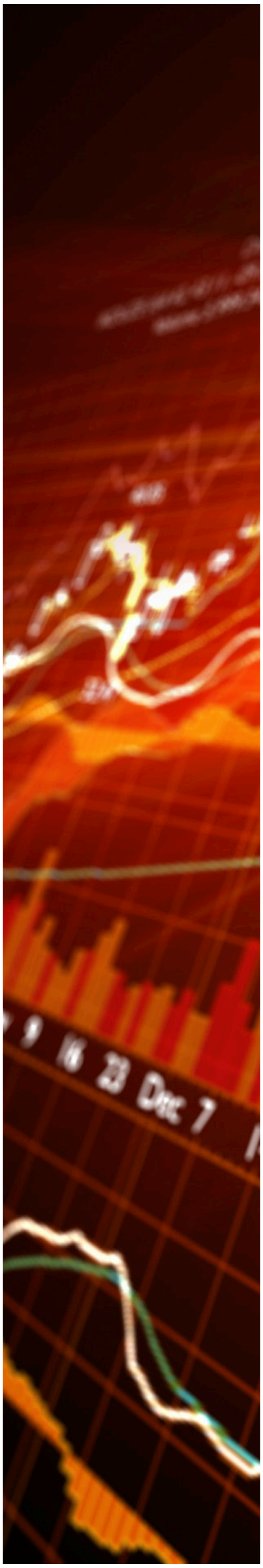
Summary Example of a Eurobond Negative Pledge:

"So long as any of the Bonds remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and will ensure that none of its subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest upon or with respect to the whole or any part of its present or future business, undertaking, property, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless, in the case of the creation of a security interest, before or at the same time and, in any other case, promptly, any and all action necessary shall have been taken to the satisfaction of the Trustee to ensure that:

(I) all amounts payable by the Issuer under the Bonds and the Trust Deed are secured by the relevant security interest equally and ratably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Trustee; or

(II) such other security interest or guarantee or indemnity or other arrangement (whether or not including the giving of a security interest) is provided in respect of all amounts payable by the Issuer under the Bonds and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an extraordinary resolution of the Bondholders.

Relevant Indebtedness means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market."



Summary Example of Events of Default:

"The Trustee at its discretion may, and if so requested in writing by the holders of at least [●]% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction and provided that in the case of paragraphs (b), (d), (h), (k) and (l) (and, in the case of a Subsidiary only, paragraphs (f) and (g)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of Bondholders), give notice in writing to the Issuer that the Bonds are, and they shall accordingly thereby immediately become, due and repayable at their principal amount, together with accrued interest as at such date, if any of the following events (each an "**Event of Default**") shall have occurred:

(a) the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or

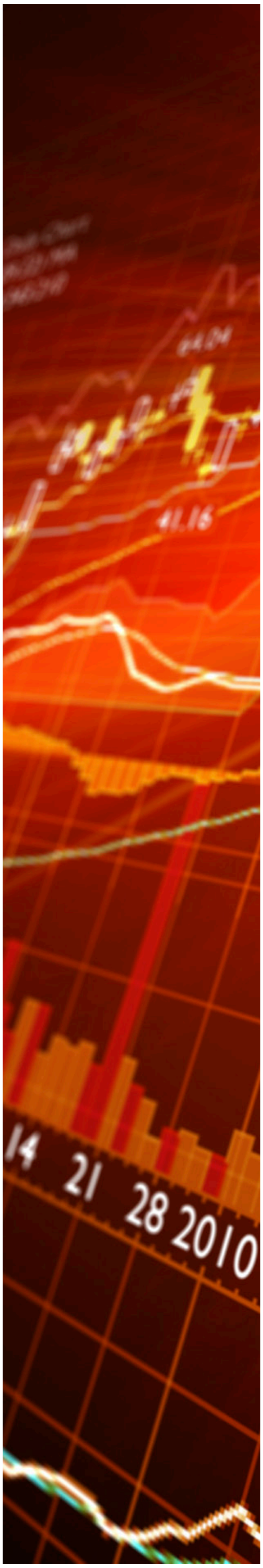
(b) the Issuer does not perform or comply with any one or more of its other obligations in respect of the Bonds or the Trust Deed and such default is incapable of remedy or, if (in the opinion of the Trustee) capable of remedy, is not (in the opinion of the Trustee) remedied within 30 days (or, in the case of failure to deliver ordinary shares due upon conversion of the Bonds, ten days) after the Issuer shall have received from the Trustee written notice of such default; or

(c) if (i) any Indebtedness of the Issuer or any subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any subsidiary fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer or any subsidiary for any Indebtedness becomes enforceable; or (iv) default is made by the Issuer or any subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person;

(d) if (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any substantial part of the property, assets or revenues of the Issuer or any subsidiary and is not discharged or stayed within 30 days or such longer period as may be permitted by the Trustee in its sole discretion; or (ii) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any subsidiary; or

(e) any step is taken to enforce any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any subsidiary (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager or other similar person); or

(f) the Issuer or any subsidiary is insolvent or bankrupt or unable to pay its debts, or stops, suspends or publicly announces an intention to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts, or proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any substantial part) which it will otherwise be unable to pay when due, or proposes or makes a general assignment or an arrangement or composition or compromise with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Issuer or any subsidiary; or



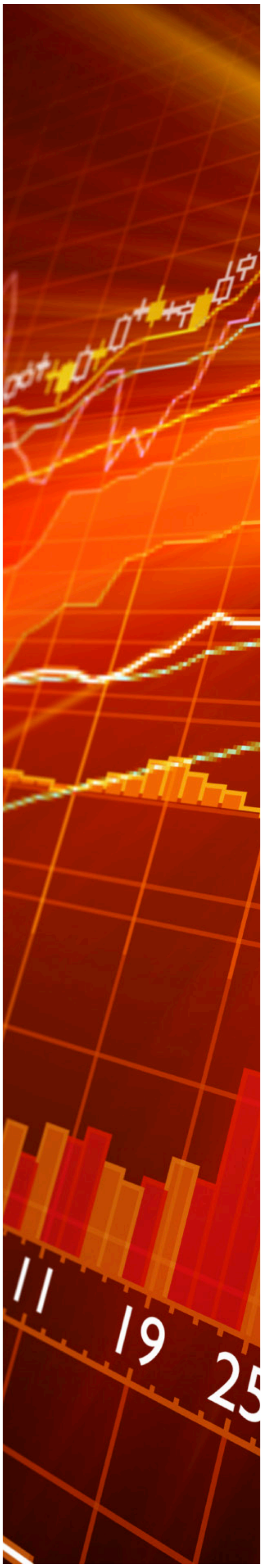
(g) an order is made or a resolution is passed for the winding-up or dissolution of the Issuer or any subsidiary, or the Issuer or any subsidiary has passed a special resolution to have itself wound up or has made an announcement or issued a notice to that effect, or the Issuer or any subsidiary ceases or publicly announces an intention to cease to carry on all or substantially all of its business or operations, except in any such case (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an extraordinary resolution of the Bondholders or (ii) in the case of a subsidiary, whereby the undertaking and assets of the subsidiary are transferred to or otherwise vested in the Issuer or another subsidiary; or

(h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds or the Trust Deed, as the case may be, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence is, in the case of (i), (ii) or (iii) above, not taken, fulfilled or done; or

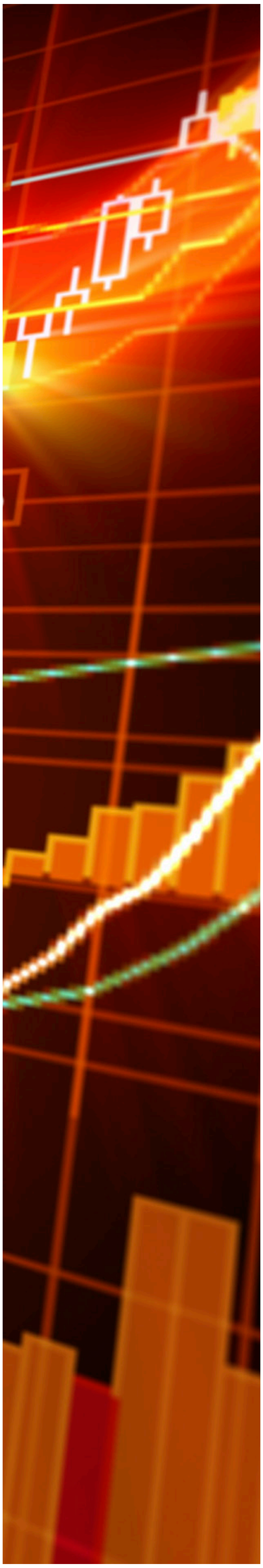
(i) a final judgment or judgments for the payment of money are rendered against the Issuer or any subsidiary and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

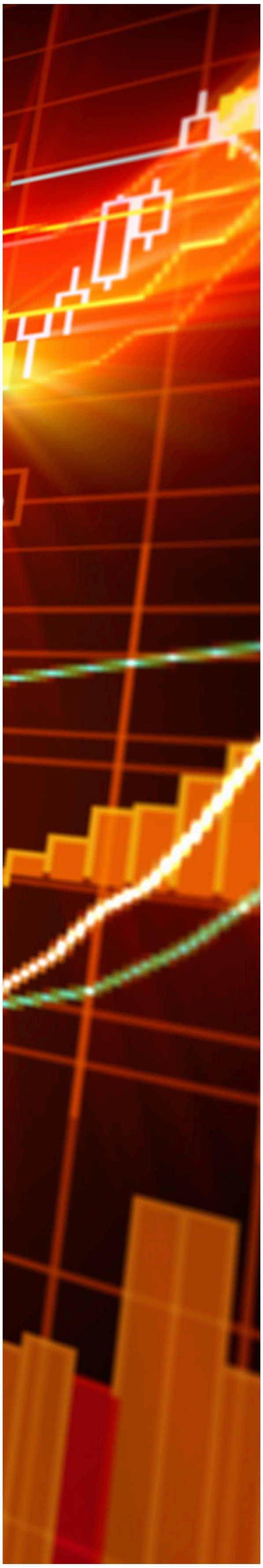
(j) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed, as the case may be; or

(k) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs."



GLOSSARY





OTHER KEY MEMBERS OF OUR EQUITY-LINKED PRACTICE INCLUDE:

Ed Parker

Partner

eparker@mayerbrownjsm.com

T +44 20 3130 3922
F +44 20 3130 8774

Greg Stonefield

Partner

gstonefield@mayerbrown.com

T +44 20 3130 3103
F +44 20 3130 8774

Kate Ball-Dodd

Partner

kball-dodd@mayerbrown.com

T +44 20 3130 3611
F +44 20 3130 8760

Bernd Bohr

Partner

bbohr@mayerbrown.com

T +44 20 3130 3640
F +44 20 3130 8760

Marcin Perzanowski

Senior Associate

mperzanowski@mayerbrown.com

T +44 20 3130 3306
F +44 20 3130 8774

About Mayer Brown

Mayer Brown is a global legal services organisation advising clients across the Americas, Asia and Europe. Our presence in the world's leading markets enables us to offer clients access to local market knowledge combined with global reach.

We are noted for our commitment to client service and our ability to assist clients with their most complex and demanding legal and business challenges worldwide. We serve many of the world's largest companies, including a significant proportion of the Fortune 100, FTSE 100, DAX and Hang Seng Index companies and more than half of the world's largest banks. We provide legal services in areas such as banking and finance; corporate and securities; litigation and dispute resolution; antitrust and competition; US Supreme Court and appellate matters; employment and benefits; environmental; financial services regulatory & enforcement; government and global trade; intellectual property; real estate; tax; restructuring, bankruptcy and insolvency; and wealth management.

OFFICE LOCATIONS

AMERICAS
- Charlotte
- Chicago
- Houston
- Los Angeles
- New York
- Palo Alto
- Washington DC

ASIA
- Bangkok
- Beijing
- Guangzhou
- Hanoi
- Ho Chi Minh City
- Hong Kong
- Shanghai
- Singapore

EUROPE
- Brussels
- Düsseldorf
- Frankfurt
- London
- Paris

TAUIL & CHEQUER ADVOGADOS
in association with Mayer Brown LLP
- São Paulo
- Rio de Janeiro

Please visit www.mayerbrown.com for comprehensive contact information for all Mayer Brown offices.

0687cor
October 2013