



OPTIMUM INVEST

Risk Concerns for OI Clients

Risk Disclosures

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INTRODUCTION

The financial markets present many different risks of which investors should be aware prior to investing. It is our policy to draw our clients' attention to those particular risk factors, which make certain investments higher risk and/or more complex than standard investments.

You will find in this booklet risk disclosure notices and additional conditions relating to the investments listed below, which we strongly recommend you read carefully:

- Warrants.
- Derivatives.
- Emerging markets.
- Alternative collective investment vehicles (i.e. hedge funds)
- Market participation notes.

Please note that the notices for both derivatives and warrants are issued in accordance with requirements of the UK regulators under the SFA/IMRO Rules. These regulations require that you formally acknowledge having read and understood these particular risk-warning notices by signing them prior to making these types of investments. Accordingly, we will supply additional copies for you to complete and return to us.

From time to time and for your own protection, OI may require you to formally acknowledge the risks and conditions relating to certain investments and investment services.

We are at your disposal should you wish to receive any further information or explanation regarding these risk disclosures.

These risk disclosures are not exhaustive and may be amended or supplemented by additional risk disclosures from time to time.

WARRANTS RISK WARNING NOTICE

This notice is provided to you, as a private customer). Private customers are afforded greater protections under these rules than other customers and you should ensure that your broker tells you what these are. This notice cannot disclose all of the risks and other significant aspects of warrants. You should not deal in them unless you understand the nature of the transaction you are entering into and the extent of your exposure to potential loss.

You should consider carefully whether warrants are suitable for you in the light of your circumstances and financial position. In deciding whether to trade, you should be aware of the following matters.

1 WARRANTS

A warrant is a right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. **Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of warrants can therefore be volatile.**

You should not buy a warrant unless you are prepared to sustain a total loss of money you have invested plus any commission or other transaction charges.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a "covered warrant").

2 OFF-EXCHANGE TRANSACTIONS

Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

Your broker must make it clear to you if you are entering into an off-exchange transaction and advise you of any risks involved.

3 COMMISSIONS

You should be made aware of all transactional costs and fees before you begin operations.

4 FOREIGN MARKETS

Foreign markets will involve different risks than our local markets. In some cases the risks will be greater. On request, your broker must provide an explanation of the protections which you will operate in any relevant foreign markets, including the extent to which he will accept liability for any default of a foreign broker through whom he deals. The potential for profit or loss from transactions on foreign markets will be affected by fluctuations in foreign exchange rates.

DERIVATIVES RISK WARNING NOTICE

This notice does not disclose all of the risks and other significant aspects of derivatives products such as futures, options, and contracts for differences. **You should not deal in derivatives unless you ask about and understand the nature of the contract you are entering into and the extent of your exposure to risk (e.g. the circumstances under which you may become obliged to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position.**

Certain strategies, such as a "spread" position or a "straddle", may be as risky as simple "long" or short" position.

Whilst derivative instruments can be utilised for the management of investment risk, some investments are unsuitable for many investors. Different instruments involve different levels of exposure to risk, and in deciding whether to trade in such instruments you should be aware of the following points.

1 FUTURES

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. **They carry a high degree of risk.** The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. **Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph (6) below.**

2 OPTIONS

There are many different types of options with different characteristics subject to different conditions. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs. The terms governing any options transaction can be extensively customized and this may have an effect on the manner in which an option may be exercised or unwound.

The risk of loss in trading options can be substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account.

2.1 Buying options

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If you buy a call option on a futures contract and you later exercise the option, you will acquire the future with associated liabilities for margin. This will expose you to the risks described under "futures" and "contingent liability transactions". If you are contemplating purchasing deep out-of-the-money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

2.2 Writing options

If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of any premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (known as "covered call options") the risk is reduced. If you do not own the underlying asset (known as "uncovered call options") the risk can be unlimited. If the option is on a futures contract, the seller will acquire a position in a futures contract with associated liabilities for

margin. **Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.**

2.3 Traditional options

A particular type of option called a "traditional option" is written by certain London Stock Exchange firms under special exchange rules. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to affect an equal and opposite transaction to reverse an option position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

2.4 Additional risks of trading in options

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Furthermore, normal pricing relationships between the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value of the option.

3 CONTRACTS FOR DIFFERENCES

Certain futures and options contracts can also be referred to as a Contract for Differences. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option and you should be aware of these as set out in paragraphs (1) and (2)

respectively. **Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this as set out in paragraph (6) below.**

4 OFF-EXCHANGE TRANSACTIONS

It may not always be apparent whether or not a particular derivative is effected on-exchange or is an off-exchange derivative transaction. Your broker must make it clear to you if you are entering into an off-exchange derivative transaction.

While some off-exchange markets are highly liquid, transactions in off-exchange or "non transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. Before you undertake such transactions, you should familiarize yourself with applicable rules and associated risks.

5 FOREIGN MARKETS

Foreign markets will involve different risks from our local markets. In some cases the risks will be greater. Such markets may be subject to regulation, which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

On request, your broker must provide an explanation of the relevant risks and protections (if any) which will operate in any relevant foreign markets, including the extent to which he will accept liability for any default of a foreign broker through whom he deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

6 CONTINGENT LIABILITY TRANSACTIONS

Contingent liability transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options you may sustain a total loss of the margin you deposit with your broker to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

Except in specific circumstances under SFA rules, your broker may only carry out margined or other contingent liability transactions with or for you if they are traded on or under the rules of a recognized or designated investment exchange. Contingent liability transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose you to substantially greater risks.

7 COLLATERAL

If you deposit collateral as security with your broker, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognized or designated investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets, which you deposited and may have to accept payment in cash. You should ascertain from your broker how your collateral will be dealt with.

8 COMMISSIONS

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment. These commissions and charges will decrease your net profit or increase your loss, as applicable.

9 SUSPENSIONS OF TRADING

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

10 CLEARING HOUSE PROTECTIONS

On many exchanges, the performance of a transaction by your broker (or the third party with whom he is dealing on your behalf is "guaranteed" by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if your broker or another party defaults on its obligations to you. On request, your broker must explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearinghouse for traditional options, nor normally for off-exchange instruments, which are not traded under the rules of a recognized or designated investment exchange.

11 INSOLVENCY

Your broker's insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. You should familiarize yourself with the protections given to money or other property you deposit for domestic and foreign transactions, particularly in the event of a broker's insolvency or bankruptcy. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. On request, your broker must provide an explanation of the extent to which he will accept liability for any insolvency of, or default by, other brokers involved with your transactions.

RISK FACTORS RELATED TO EMERGING MARKET INVESTMENTS

I (we) understand that emerging markets investments involving emerging markets instruments and transactions are subject to substantial risks relating to a number of factors including, but not limited to, (i) economic and political instability in the region(s) where issuers of such instruments conduct business, (ii) legal and regulatory uncertainty, (iii) significant illiquidity and volatility in the markets for emerging markets instruments and the currencies in which they may be denominated and (iv) the potential for loss of my (our) entire investment as a result of insolvency, settlement procedures, market or government action, or other similar factors which could render the investments valueless.

I am (we are) also aware that generally less information is publicly available with respect to emerging markets issuers and obligors than is available with respect to companies in other markets and that many emerging markets companies are not subject to the uniform accounting and financial reporting requirements applicable to issuers and obligors in other markets. Additionally, accounting, auditing, financial and other reporting standards in emerging markets jurisdictions are often not equivalent to the standards established in other markets and therefore disclosure of certain material information may not be made.

There may exist only small markets for certain emerging markets instruments, resulting in low or non-existent volumes of trading in such assets, and therefore a lack of liquidity and price volatility of such assets. Settlement periods for emerging markets transactions may also be longer than settlement times prevailing in other markets, and settlement systems may be unreliable. This may also affect the liquidity and price volatility of emerging markets instruments.

I (we) understand that the risks are significantly more pronounced in derivative instruments (options, swaps, futures, etc.) on emerging markets instruments. I (we) assume responsibility for the risks as they relate to my (our) investments in emerging markets derivative instruments.

I (we) represent that I (we) have sufficient knowledge and experience to be able to evaluate the appropriateness, merits and risks of entering into emerging market investments. I (we) acknowledge that J.P. Morgan has made no representation or warranty, express or implied, as to any emerging markets investment or information relating thereto, and I (we) assume responsibility for all risks relating to my (our) emerging markets investments.

RISK FACTORS RELATED TO ALTERNATIVE COLLECTIVE INVESTMENT VEHICLES

An investment in collective investment vehicles which employ alternative investment strategies (hereinafter: the "Investment Vehicles") involves a high degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by the Investment Vehicles and (ii) their structure and operations. There can be no assurance that any Investment Vehicle will achieve its respective investment objective or that there will be any return of capital. The particular risk factors inherent in investments in Investment Vehicles include, but are not limited to, those set forth below:

1 RISKS RELATED TO INVESTMENTS IN INVESTMENT VEHICLES

Lack of liquidity. The governing instruments of most Investment Vehicles have provisions restricting both the transferability of a holder's interest and the holder's ability to redeem in certain circumstances. In addition, there is generally no liquid secondary market for interests issued by the Investment Vehicles.

Risks of redemption and suspension of net asset valuation. Large redemptions within a limited period of time could require the Investment Vehicles to liquidate underlying positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. Redemption proceeds paid by the Investment Vehicles to a redeeming shareholder may be less than the net asset value of such Shares at the time a redemption request is made, due to fluctuations in the net asset value between the date of the request and the applicable value date. Furthermore, investors in Investment Vehicles may become subject to compulsory redemptions in cash or in kind; potential delays in reinvesting proceeds of a compulsory redemption or disposing of securities received pursuant to a redemption in kind could make it more difficult for the investor concerned to generate profits or recover losses. In addition, an Investment Vehicle may be subject to temporary suspensions in the determination of its net asset value; in such event, an investor may be unable to redeem or otherwise dispose of his Shares when it would otherwise be advantageous to do so.

Volatility of the Investment Vehicles' investments. Many Investment Vehicles are lower capitalized, less seasoned and may be subject to higher volatility and instability, than larger, more mature investment pools due to a variety of factors, which may include a high concentration of investments in a particular financial instrument, company or market sector. Venture capital and corporate finance investments in companies that are for example under development, restructuring or acquisition, also add a high degree of uncertainty to Investment Vehicles. In

addition, many Investment Vehicles invest in illiquid financial instruments and use riskier investment techniques and strategies than traditional mutual funds, which may make it impossible either to liquidate positions without incurring substantial losses or to satisfy redemption requests.

Lack of publicly available information regarding Investment Vehicles. The securities in which the Investment Vehicles invest may be offered on a private placement basis and, unlike more regulated mutual funds registered for distribution to the public, are subject to limited regulatory, disclosure and reporting requirements. Accordingly, only a relatively small amount of publicly available information about Investment Vehicles, their holding and performance, is available.

Valuation of Investment Vehicles. In valuing the Investment Vehicles' holdings, the investor needs to rely primarily on audited and unaudited financial information provided or reported from time to time by Investment Vehicles and their agents. If financial information used by any Investment Vehicle to determine the net asset value of its own

securities is incomplete, inaccurate, or if such net asset value does not adequately reflect the value of its holdings, the net asset value per share of the Investment Vehicle may be adversely affected. Investment Vehicles can make substantial revisions to their previously reported net asset values. Investors should recognize that the ability to correctly assess the value of Investment Vehicles will be dependent upon the information available with respect to these Investment Vehicles and their investment operations.

Performance-based compensation of Investment Vehicles. The managers of most of the Investment Vehicles are customarily compensated through incentive arrangements whereby the manager may benefit from appreciation, including unrealized appreciation, in the value of the assets under management, but may not be similarly penalized for realized losses or decreases in the value of such assets. Such fee arrangements may create an incentive for the managers to make investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements.

Risks of special techniques used by Investment Vehicles. Many Investment Vehicles use special investment techniques and strategies that may subject the investors to significant risks. Most of these techniques entail significantly higher risks than those to which traditional, benchmark-driven strategies may be subject. Certain, but not all, of these techniques and strategies, and the risks that they entail are summarized below:

Risks of leverage. The Investment Vehicles may borrow funds and employ financial instruments and techniques with an embedded leverage effect. The borrowing of funds and use of leverage by

any Investment Vehicle magnify increases or decreases in that Investment Vehicle's net asset value. No assurance may be given that debt financing will be available on terms that the Investment Vehicles consider acceptable, nor that the use of leveraged financial instruments and techniques will not generate losses in excess of the amount invested or committed.

Risks of futures and options trading. In seeking to enhance performance or for hedging purposes, an Investment Vehicle may enter into futures and options strategies on securities, stock indices etc. An investment in these instruments may be subject to greater fluctuation than an investment in the underlying securities. In selling these instruments, the risk of loss can be potentially unlimited. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. In some cases, options will be traded over-the-counter with tailored conditions that make them particularly illiquid and costly to close out prior to maturity. Futures markets can sometimes fail to trade for a day or many consecutive days due to an imbalance of demand and supply, preventing an Investment Vehicle from executing its strategy as expected. Managing futures and options strategies requires skills and techniques different from those used in predicting changes in the price of individual stocks and adds complexity to an Investment Vehicle.

Short selling. Certain Investment Vehicles may sell securities of an issuer short in the expectation of "covering" the short sale with securities purchased in the open market at a price lower than that received in the short sale. The possible losses from selling short a security may be unlimited due to the lack of an upper limit on the price to which a security may rise. Short selling activities are also subject to restrictions imposed by regulations and/or securities exchange rules, which restrictions could limit the investment activities of Investment Vehicles. This technique adds another complexity to an Investment Vehicle.

Future returns. No assurance can be given that the strategies employed by Investment Vehicles in the past to achieve attractive returns will continue to be successful or that the return on the Investment Vehicles' investments will be similar to that achieved in the past.

Dependence on a single investment adviser and/or manager. As a result, the success of the Investment Vehicles will depend largely upon the abilities of their investment adviser and/or manager and their personnel. If any Investment Vehicle lost the services of its investment adviser and/or manager, it might have to be liquidated.

Institutional risk. The Investment Vehicles' assets are held under the custody or supervision of the custodians, who are authorized to use sub-custodians and nominees. The institutions, including brokerage firms and banks, with which the Investment Vehicles (directly or indirectly) do business, or to which portfolio securities have been

entrusted for custodial purposes, may encounter financial difficulties that impair the Investment Vehicles' operational capabilities or capital position. Furthermore, the risks related to the Investment Vehicles' administrators and operations, including their inability to verify accurately the net asset value of the Investment Vehicle, constitute an additional risk factor.

Settlement and credit risks. The subscription price of investments in Investment Vehicles must often be paid by the investor prior to his being delivered the shares, units or other evidence of ownership or interests in the Investment Vehicles. Conversely, the cash proceeds from redemptions may only be settled with a delay which may sometimes be substantial. As a corollary, reinvesting redemption proceeds prior to their payment into new subscriptions may entail additional borrowing risks to cover the cash deficit during the settlement period.

Lack of legal recourse. Most of the Investment Vehicles are incorporated in off-shore jurisdictions, which do not have high standards of regulation and investors' protection legislation. This may entail a lack of legal recourse for the investors against the Investment Vehicles. Moreover, Investment Vehicles have an incentive to retain investment advisors and/or managers whose arrangements were not negotiated at arm's length.

2 MARKET-RELATED RISKS

General economic conditions. The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of currencies and interest rates and the extent and timing of investor participation in the markets for both equities and interest-rate-sensitive securities. Unexpected volatility or illiquidity in the market in which the Investment Vehicles directly or indirectly hold positions could impair the Investment Vehicles' ability to carry out their business or cause them to incur losses.

Market risks. The success of the Investment Vehicles' investments depends, to a great extent, on correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Vehicles will be able to predict accurately these price movements.

Emerging market risks. Investments in securities of issuers in emerging markets may be subject to greater risks than investments in securities of issuers from member states of the OECD due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations, expropriation, confiscatory taxation and potential difficulties in

enforcing contractual obligations. There may be less publicly available information about issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies and subject to lower levels of government supervision than those in the OECD. The Investment Vehicles' investments in such markets may be considered speculative and subject to significant custody and clearance risks and delays in settlement.

Currency risk. Portions of the Investment Vehicles' assets may be held or traded in non U.S. currencies and may therefore be subject to risks associated with investments in such currencies. In general, foreign exchange rates can be extremely volatile. Currency prices may be influenced by, among other factors: trade, fiscal and monetary policies of governments (including exchange control programmes, direct intervention in the marketplace and other restrictions on trade and foreign investment into and from a country); political events; relative rates of inflation and interest rates between countries.

Lack of liquidity in markets. Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Investment Vehicles, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Suspensions of trading. Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Investment Vehicles to liquidate positions and, accordingly, expose them to losses and delays in their ability to redeem Shares

RISK FACTORS RELATED TO MARKET PARTICIPATION NOTES

DESCRIPTION OF MARKET PARTICIPATION NOTES

Market Participation Notes ("MPNs"), including those of which Optimum Invest and/or any of its subsidiaries or affiliates or any third party is the issuer ("Issuer"), pay no fixed or floating interest.

Any positive return of an investment in an MPN will come from the difference between the amount invested ("Invested Amount") and the final redemption amount ("Final Redemption Amount"). The Final Redemption Amount is calculated as the sum of the agreed protected percentage of the Invested Amount plus an amount which will depend on the performance of the

selected security or basket of securities to which a particular MPN is linked, this is the premium (the "Premium"). The security, basket of securities, index or basket of indices to which an MPN is linked is the market measure (the "Market Measure"). The Premium is calculated as a percentage of the performance of the selected Market Measure. This percentage is referred to as the participation (the "Participation") and it is fixed upfront for each MPN.

An investment in an MPN, particularly one for which an investor may receive less than 100% of the Invested Amount at maturity, involves certain risks, including the potential loss of such Invested Amount. A non-exhaustive summary of the primary risk factors associated with an investment in an MPN is provided below.

MPNs are not savings accounts, deposits or other obligations of any bank or non-bank subsidiary of the Issuer and are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other governmental agency or instrumentality.

RISKS

Potential Loss of the Premium

In certain market conditions, the Premium for a particular MPN may be significantly reduced (or eliminated altogether) and an investor may receive only the protected percentage of the Invested Amount at maturity.

Restrictions on Transfer, Liquidity and Early Tender Costs

MPNs will typically not be listed or traded on an exchange. MPNs are normally not transferable. The Issuer will generally not be expected to repurchase any MPNs prior to their stated maturity and will not be obliged to ensure their liquidity. Investors should understand that there may not be an active market for MPNS. Tendering an MPN to the Issuer prior to its stated maturity may result in an investor having to sell an MPN at a substantial discount to its theoretical value. Moreover, since the Invested Amount is protected only if the MPN is held until maturity, an MPN which is tendered prior to maturity may command a price which may be below the Invested Amount. Therefore, investors should be willing to commit funds invested in an MPN for its entire term. It may be difficult to obtain information about the market value of an MPN or the extent of the risks to which an MPN is exposed.

Market Disruptions Events

The calculation agent, in its sole discretion, may decide that one or more markets material to the determination of the value of the Market Measure have been materially affected by certain events that constitute a market disruption event ("Market Disruption Event"). In this case, the calculation agent has the right to amend various terms, including but not limited to, dates relative to the determination of the value of the MPN, or the Maturity Date of the MPN. It is possible that a Market Disruption Event may adversely affect the Premium that an investor in an MPN would otherwise receive.

Performance Measures

The performance of an MPN is linked to a Market Measure. Investors should understand that past performance is not to be taken as an indication of future performance of a Market Measure, and no assurance can be given, and none is intended to be given, that the Premium will be greater than zero for MPNs linked to the appreciation in a Market Measure or less than zero for MPNs linked to the depreciation of a Market Measure.

Currency Fluctuations

Certain MPNs may provide for a Premium that is determined by reference to the performance of a Market Measure calculated in the currency of the MPN, when the Market Measure **is** normally calculated in another currency. The Final Redemption Amount payable on such MPN, including the return of the portion of the Invested Amount that the investor may receive prior to maturity, will therefore be affected by the exchange rate for the currency of the MPN and the local currency in which the Market Measure is calculated.

Investment in an MPN may not be suitable for all recipients of this document. Potential investors in MPNs should analyze such investment and the suitability of such investment in relation to an investor's particular circumstances. Investors should consult their own financial, tax, legal or other advisers as to the risks and investment considerations arising from an investment in an MPN.

