



**\$705,000**  
**FORTIS BANK, CAYMAN ISLANDS BRANCH**  
**Fortis 22.5% Knock-In Reverse Convertible Securities**  
**Series: RCN Number: 08-138 Due October 31, 2008**  
**Linked to the Common Shares of Bunge Ltd (BG)**

**Payment of all amounts under the Securities irrevocably and unconditionally guaranteed pursuant to a guarantee issued by FORTIS BANK, NEW YORK BRANCH**

Issuer:	Fortis Bank, Cayman Islands Branch
Guarantor:	Fortis Bank, New York Branch
Rating:	A+ /Aa3 /AA- (Standard & Poor's, Moody's, Fitch)
Issue Price:	100% of the face amount
Reference Shares:	The common shares of Bunge Ltd (BG, CUSIP Number: 13317810)
Initial Price:	\$100.81
Final Price:	The closing price of the Reference Shares on the Equity Valuation Date.
Knock-In Level:	\$80.65
Coupon:	22.5% per annum, payable Monthly in arrears
Coupon Payment Dates:	August 31, 2008, September 30, 2008, October 31, 2008
Trade Date:	July 25, 2008
Settlement Date (Issue Date):	July 31, 2008
Equity Valuation Date:	October 28, 2008, subject to postponement in the event of a market disruption event as described in this Pricing Supplement
Maturity Date:	October 31, 2008, subject to postponement in the event of a market disruption event as described in this Pricing Supplement
Minimum Denominations:	The Securities will be issued in minimum denominations of \$10,000 and integral multiples of \$1,000 in excess of \$10,000.
Redemption Amount:	<p>The amount you will receive on the Maturity Date, subject to adjustment as described herein, in addition to the Coupon payable to you on the Maturity Date, for each \$1,000 face amount of the Securities, will be calculated as follows:</p> <ul style="list-style-type: none"> <li>• If the Final Price is equal to or greater than the Initial Price, the Redemption Amount will be 100% of the face amount of the Securities (the "Cash Delivery Amount");</li> <li>• If the Final Price is less than the Initial Price and the closing price of the Reference Shares is greater than the Knock-In Level on every trading day during the Reference Period, the Redemption Amount will be the Cash Delivery Amount; or</li> <li>• If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, and the Final Price is below the Initial Price, the Redemption Amount will be a number of Reference Shares for each \$1,000 face amount of the Securities equal to \$1,000 divided by the Initial Price (the "Physical Delivery Amount"). If a market disruption event occurs on the Equity Valuation Date, the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date. The cash value of any fractional Reference Shares (determined by Fortis Bank, acting as Calculation Agent, with reference to the Final Price) shall be paid in lieu of fractional shares. The Initial Price, Knock-In Level and other terms of the Securities may be adjusted as set forth in "Antidilution Adjustments" on Page S-17 of this Pricing Supplement.</li> </ul>
Reference Period:	The period from the day after the Securities are priced for initial sale to and including the Equity Valuation Date.
Listing:	The securities will not be listed on any securities exchange or quotation system. In addition, certain of our affiliates may purchase up to 20% of the Securities offered for investment.
CUSIP / ISIN:	3495X0MG4 / US3495X0MG46

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You should read the more detailed description of the Securities in this Pricing Supplement. In particular, you should review and understand the descriptions in “Summary” and “Description of the Securities.” You should consider carefully the information set forth under “Risk Factors” beginning on page S-8 of this Pricing Supplement and under “Risk Factors” in the accompanying Offering Circular dated July 30, 2007 (the “Offering Circular”).

**THE SECURITIES AND THE FORTIS BANK, NEW YORK BRANCH GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR ANY STATE SECURITIES LAWS. THE SECURITIES ARE EXEMPT FROM REGISTRATION PURSUANT TO SECTION 3(a)(2) OF THE SECURITIES ACT. THE SECURITIES AND THE GUARANTEE ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER U.S. FEDERAL OR STATE GOVERNMENT AGENCY OR ENTITY. THE SECURITIES ARE SUBJECT TO INVESTMENT RISK.**

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This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the securities or the distribution of this Pricing Supplement in any jurisdiction where such action is prohibited by law.

This document is the Pricing Supplement (as referred to in the Offering Circular) for the series and tranche of Securities referred to above. Capitalized terms used and not defined herein shall have the meanings given to them in the Offering Circular.

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July 25, 2008

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## SUMMARY

*The following is a summary of the terms of the Securities and factors that you should consider before deciding to invest in the Securities. You should read this Pricing Supplement and the accompanying Offering Circular carefully to understand fully the terms of the Securities and other considerations that are important in making a decision about investing in the Securities. You should, in particular, review the “Risk Factors” sections of this Pricing Supplement and the accompanying Offering Circular, which set forth a number of risks related to the Securities. All of the information set forth below is qualified in its entirety by the detailed explanations set forth elsewhere in this Pricing Supplement and the accompanying Offering Circular.*

### **What are the Securities?**

The Securities are equity-linked, coupon-bearing securities issued by the Issuer and guaranteed by the Guarantor. The Securities will represent direct, general, unconditional, unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively, and will rank *pari passu* with all other unconditional, unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively, except for obligations of the Guarantor given priority by law.

The Securities will mature on the Maturity Date set forth on the front cover, subject to adjustment as described herein in the event of acceleration of the maturity of the Securities (see “Description of the Securities – Events of Default and Acceleration”).

The Securities will be issued in minimum denominations of \$10,000 and integral multiples of \$1,000 in excess of \$10,000.

The Securities will pay a fixed Coupon of 22.5% per annum on the face amount thereof in arrears on the Coupon Payment Dates set forth on the front cover of this Pricing Supplement. The Calculation Agent will calculate the Coupon on any Coupon Payment Date on the basis of a 360-day year consisting of twelve 30-day months. The Coupon payable on the Securities will be the Coupon accrued from and including the Settlement Date or the last date to which Coupon has been paid, as the case may be, to but excluding the applicable Coupon Payment Date. If the Maturity Date is extended in the event of a Market Disruption Event, as described herein, you will not receive any Coupon payment for the duration of such extension on the Maturity Date. See “Summary—Market Disruption Event”.

### **What will I receive upon maturity of the Securities?**

Except in the event of an acceleration of maturity of the Securities, the amount you will receive at maturity, in addition to the Coupon payable to you on the Maturity Date, for each \$1,000 face amount of the Securities, will be the Redemption Amount. The Redemption Amount will vary based on two factors:

1. Whether the Final Price is greater than, equal to or less than the Initial Price; and
2. Whether the closing price was less than or equal to the Knock-In Level on any scheduled trading day during the Reference Period. The Knock-In Level is equal to the percentage of the Initial Price set forth on the front cover of this Pricing Supplement.

The Redemption Amount will be calculated as follows:

- If the Final Price is equal to or greater than the Initial Price (as stated on the front cover of this Pricing Supplement), the Redemption Amount will be the Cash Delivery Amount.
- If the Final Price is less than the Initial Price and the closing price of the Reference Shares is greater than the Knock-In Level during the Reference Period, the Redemption Amount will be the Cash Delivery Amount.
- If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, the Securities will have “knocked in,” and if the Final Price is below the Initial Price, the Redemption Amount will be the Physical Delivery Amount. If a market disruption

event occurs on the Equity Valuation Date the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date.

**It is also important to note that if the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, but the Final Price is greater than the Initial Price, you will still receive the 100% of the face amount of the Securities (plus the final installment of the Coupon) at maturity. You will not have the option of receiving any Reference Shares, and you will not otherwise benefit from the fact that the market value of the Reference Shares is greater on the Equity Valuation Date than the market value of the Reference Shares on the Settlement Date.**

In addition, the Securities are subject to adjustment to reflect certain dilutive events relating to the Reference Shares. See “Antidilution Adjustments.”

**Are there risks involved in investing in the Securities?**

Yes. An investment in the Securities involves risks. Please see the “Risk Factors” section on page S-8 of this Pricing Supplement and the “Risk Factors” section of the accompanying Offering Circular.

**How is the “Physical Delivery Amount” calculated?**

For each \$1,000 face amount of Securities, the Physical Delivery Amount will be that whole number of Reference Shares equal to \$1,000 *divided* by the Initial Price, *plus* the cash value of any fractional Reference Shares that you are entitled to receive (based on the Final Price of the Reference Shares on the Equity Valuation Date). The Physical Delivery Amount is defined on the front cover of this Pricing Supplement under “Redemption Amount.” The Physical Delivery Amount, the value of the Reference Shares, will be less than the face amount of the Securities. **Investors should understand that if the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, and the Final Price is less than the Initial Price, they will suffer a loss of their initial investment.**

**Do the Securities guarantee the return of my initial investment at maturity?**

No. The Securities are not principal protected. You are not guaranteed to receive any return of your initial investment at maturity. If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, and the price of the Reference Shares on the Equity Valuation Date is below the Initial Price, you will receive the Physical Delivery Amount. If a market disruption event occurs on the Equity Valuation Date, the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date. The market value of the Physical Delivery Amount will be less than the face amount of the Securities and could be zero.

**Is there a limit to how much I can earn over the term of the Securities?**

Yes. The amount payable at maturity under the terms of the Securities will never exceed the face amount of the Securities, plus the fixed Coupon stated on the front cover of this Pricing Supplement. As a result, the maximum return that you can earn over the term of the Securities is limited to the fixed Coupon on the Securities adjusted to the term of the Securities.

**Who will determine the Redemption Amount at maturity of the Securities?**

The Calculation Agent will determine the Redemption Amount at maturity of the Securities. As such, the Calculation Agent is responsible for determining, among other things, (i) the Initial Price of the Reference Shares, (ii) whether or not the closing price is less than or equal to the Knock-In Level on any trading day during the Reference Period, (iii) the Final Price on the Equity Valuation Date and (iv) the value of any fractional interests in the Reference Shares that must be paid if the Redemption Amount is the Physical Delivery Amount. If a market disruption event occurs on the Equity Valuation Date, the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date. The Calculation Agent will also determine whether or not a Market Disruption Event has occurred or is continuing, and whether or not (and if so, to what extent) antidilution adjustments are necessary. Fortis Bank will initially act as the Calculation Agent. See “Risk Factors – Fortis Bank’s Role as the Calculation Agent Presents Potential Conflicts of Interest.”

### **Who should consider purchasing the Securities?**

The Securities are not suitable for all investors. The Securities are designed for investors who:

- are willing to accept the risk of owning equity in general (and the Reference Shares in particular) and the risk that they could lose their entire investment;
- believe that the price of the Reference Shares will (i) remain unchanged, (ii) increase only to a limited degree or (iii) not decrease below the Knock-In Level during the Reference Period;
- do not expect to participate in any appreciation in the price of the Reference Shares during the term of the Securities; and
- seek a higher interest rate than the yield on a conventional debt security with the same maturity issued by an issuer with a comparable credit rating.

You should carefully consider whether the Securities are suited to your particular circumstances before you decide to purchase them. In addition, you should consult with your investment, legal, accounting, tax and other advisers with respect to any investment in the Securities.

### **The Securities may not be suitable for you if:**

- you are looking for capital preservation in relation to your investment;
- you prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings; or
- you seek an investment for which there will be an active secondary market and liquidity.

### **What risks should you consider before deciding to purchase the Securities?**

An investment in the Securities involves risks. Selected risks are summarized below, but you are urged to read the more detailed explanation of risks in “Risk Factors” beginning on page S-8 of this Pricing Supplement and the “Risk Factors” section of the accompanying Offering Circular.

- **NO PRINCIPAL PROTECTION** – If the closing price of the Reference Shares is less than or equal to the Knock-In Level (80% of the Initial Price as set forth on the cover page of this Pricing Supplement) on any trading day during the Reference Period, and the Final Price is below the Initial Price on the Equity Valuation Date, the Issuer will redeem the Securities by delivery in kind of a number of Reference Shares equal to the Physical Delivery Amount. If a market disruption event occurs on the Equity Valuation Date, the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date. If the Final Price has declined dramatically compared to the Initial Price, you could take a significant or total loss of your investment in the Securities.
- **NO CAPITAL GROWTH** – This product is not suitable for investors who are looking for growth of their invested capital.
- **NO RIGHTS TO THE REFERENCE SHARES** – You will not have the rights of a holder of the Reference Shares during the term of the Securities. As a result, you will not receive any dividends declared on the Reference Shares or any other rights distributed to holders of Reference Shares. You will not be entitled to any voting rights with respect to the Reference Shares. You will also not be entitled to purchase Reference Shares by virtue of holding Securities.
- **NO LISTING; NO SECONDARY MARKET** – The Securities will not be listed or displayed on any securities exchange, the Nasdaq National Market System or any electronic communications network. There may be little or no secondary market for the Securities. Although Fortis Securities LLC or an affiliate may effect secondary purchases of Securities, they are not required to do so and may stop doing so at any time.

**Will there be an active trading market in the Securities?**

The Securities will not be listed on any securities exchange. Accordingly, there is no assurance that a liquid trading market will develop for the Securities. Fortis Securities LLC or an affiliate may effect secondary purchases of Securities, but they are not required to do so and may stop doing so at any time.

If you have to sell your Securities prior to maturity, you may have to sell them at a substantial loss.

**What are the Reference Shares?**

The Reference Shares are the common shares of Bunge Ltd (the “Reference Issuer”). For description of the Reference Shares, see “The Reference Shares” on page S-6.

Please note that an investment in the Securities does not entitle you to any ownership or other interest in the Reference Shares or the company that issued the Reference Shares, and you will not receive any payment in respect to dividends that may be payable on those shares. The company that issued the Reference Shares is not affiliate of the Issuer and is not involved in this offering in any way. The obligations represented by the Securities are debt obligations of the Issuer and the Guarantor described below and are not obligations of the company that issued the Reference Shares.

**What are some hypothetical redemption amounts at maturity of the Securities?**

The tables below illustrate the hypothetical Redemption Amounts that the Issuer would deliver on the Maturity Date if the Final Price were any of the hypothetical prices shown in the left column. For this purpose, it is assumed that there will be no antidilution adjustments and no market disruption events. The first table shows the hypothetical Redemption Amounts in the case where the closing price of the Reference Shares is greater than the Knock-In Level on every trading day during the Reference Period. The second table shows the hypothetical Redemption Amounts in the case where the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period.

The prices in the left columns represent hypothetical Final Prices and are expressed as percentages of the Initial Price. The amounts in the right columns represent the hypothetical Redemption Amounts, based on the corresponding hypothetical Final Price, and are expressed as percentages of the \$1,000 face amount of the Securities. The payment amounts below do not reflect the Coupon Payment the holder will receive on the Maturity Date.

If the closing price of the Reference Shares is greater than the Knock-In Level on every trading day during the Reference Period:

<b>Hypothetical Final Price as % of the Initial Price</b>	<b>Hypothetical Redemption Amount as % of \$1,000 Face Amount</b>
200%	100%
130%	100%
125%	100%
120%	100%
115%	100%
110%	100%
105%	100%
100%	100%
95%	100%
90%	100%
85%	100%

If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period:

<b>Hypothetical Final Price as % of the Initial Price</b>	<b>Hypothetical Redemption Amounts as % of \$1,000 Face Amount</b>
200%	100%
130%	100%
125%	100%
120%	100%
115%	100%
110%	100%
105%	100%
100%	100%
90%	90% *
80%	80% *
50%	50% *

The Redemption Amounts shown above are entirely hypothetical; they are based on closing prices for the Reference Shares that may not be achieved on the Equity Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Securities on the Maturity Date or at any other time, including any time you may wish to sell your Securities, may bear little relation to the hypothetical payment amounts shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Securities or on an investment in the Reference Shares.

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\* Payable in Reference Shares.

## THE REFERENCE SHARES

**Bunge Ltd (BG) – the “Reference Issuer”.** According to publicly available information, Bunge Limited is an integrated global agribusiness and food company spanning the farm-to-consumer food chain. The Company processes soybeans, produces and supplies fertilizer, manufactures edible oils and shortenings, mills dry corn and wheat, manufactures isolated soybean protein, and produces other food products. Bunge has primary operations in North and South America.

We obtained the historical closing prices of the Reference Shares from Bloomberg Financial Markets. The closing prices may be adjusted by Bloomberg Financial Markets for corporate actions such as public offerings, mergers and acquisitions, spin-offs, delistings and bankruptcy. We make no representation or warranty as to the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical prices of the Reference Shares should not be taken as an indication of future performance, and no assurances can be given as to the Final Price of the Reference Shares.

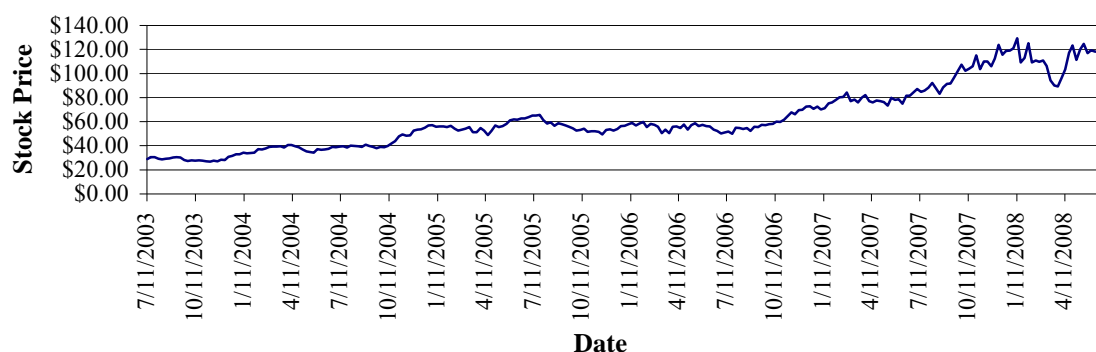
Additionally, as an investor in the Securities, you will not be entitled to receive dividends, if any, that may be payable on the stock of Bunge Ltd.

The following data represents the high and low closing prices of the Reference Shares observed during the quarter ending on the respective dates set forth below:

Date	Quarterly High	Quarterly Low
September 30, 2003	\$31.13	\$27.00
December 31, 2003	\$33.39	\$26.11
March 31, 2004	\$40.35	\$32.84
June 30, 2004	\$41.43	\$33.93
September 30, 2004	\$41.45	\$36.82
December 31, 2004	\$57.45	\$38.68
March 31, 2005	\$58.10	\$49.40
June 30, 2005	\$65.20	\$48.34
September 30, 2005	\$67.99	\$51.10
December 30, 2005	\$57.83	\$46.65
March 31, 2006	\$61.40	\$49.86
June 30, 2006	\$62.19	\$47.25
September 29, 2006	\$59.27	\$49.75
December 29, 2006	\$73.54	\$57.31
March 30, 2007	\$85.68	\$69.91
June 29, 2007	\$84.75	\$70.97
September 28, 2007	\$107.76	\$80.73
December 31, 2007	\$125.53	\$100.64
March 31, 2008	\$135.00	\$84.79
June 30, 2008	\$127.64	\$86.34

The associated graph shows the weekly closing prices for the Reference Shares for each week from July 8, 2003 to July 8, 2008. The closing price of the Reference Shares on July 8, 2008 was \$100.63:

**BG Weekly Closing Stock Prices**



All information contained herein on the Reference Shares and the Reference Issuer is derived from publicly available sources and is provided for informational purposes only. The Reference Shares are registered under the Securities Exchange Act of 1934 (the "Exchange Act"). Companies with securities registered under the Exchange Act are required to file financial and other information specified by the U.S. Securities and Exchange Commission ("SEC") periodically. Information filed with the SEC can be inspected and copied at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, information filed by the Reference Issuer with the SEC electronically can be reviewed through a web site maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>.

We do not make any representation or warranty as to the accuracy or completeness of any materials referred to above, including any filings made by the Reference Issuer with the SEC.

We or any of our affiliates may currently or from time to time engage in business with the Reference Issuer, including making loans to or equity investments in the Reference Issuer or providing advisory services to the Reference Issuer, including merger and acquisition advisory services. In the course of that business, we or any of our affiliates may acquire non-public information about the Reference Issuer and, in addition, one or more of our affiliates may publish research reports about the Reference Issuer. As an investor in the Securities, you should undertake such independent investigation of the Reference Issuer as in your judgment is appropriate to make an informed decision with respect to an investment in the Securities.

We or any of our affiliates may carry out hedging activities related to the Securities, including trading in the Reference Shares as well as in other instruments related to the Reference Shares. Some of our other affiliates also may trade the Reference Shares and other financial instruments related to the Reference Shares on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities could affect the respective values of the Reference Shares. Additionally, such hedging or trading activities during the term of the Securities could potentially affect the Final Prices of the Reference Shares on the Equity Valuation Date and, accordingly, the amount you will receive at maturity. Furthermore, we or any of our affiliates may also issue other derivative instruments in respect of the Reference Shares, and the introduction of such competing products into the marketplace may affect the value of the Securities.

## **RISK FACTORS**

*An investment in the Securities is subject to a number of risks not associated with similar investments in a conventional debt security. Prospective purchasers should consider all of the information set forth herein and, in particular, the following risks, as well as those set forth in the “Risk Factors” section of the accompanying Offering Circular, in connection with an investment in the Securities.*

### **No Principal Protection; You May Lose Your Entire Investment in the Securities**

These Securities are not principal protected. If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, and the Final Price on the Equity Valuation Date is below the Initial Price, you will receive that number of Reference Shares (or, if a market disruption event occurs on the Equity Valuation Date, in our sole discretion, the cash value thereof) stated on the front cover of this Pricing Supplement for each \$1,000 of face amount of your Securities in lieu of any such face amount. The market value of these Reference Shares will be less than the relevant face amount of the Securities and may represent a total loss on your investment.

### **The Return on the Securities Does Not Reflect the Full Performance of the Reference Shares**

The Redemption Amount is capped at 100% of the face amount of a Security. This means that even if the Final Price is greater than the Initial Price, the maximum return you will receive at maturity is the initial face amount of your Securities, plus the fixed Coupon payments during the term of the Securities. You should not expect to receive an amount at maturity greater than the initial face amount of the Securities.

Also, the market value of your Securities prior to the stated Maturity Date may be lower than the purchase price you paid for your Securities. Consequently, if you sell your Securities before the stated Maturity Date, you may receive less than the amount of your investment.

### **No Security Entitlements in Respect of the Reference Shares**

As a holder of the Securities, you will not be an entitlement holder in respect of the Reference Shares during the term of the Securities and therefore will not be entitled to receive any dividends or similar amounts paid on the Reference Shares, nor will you be entitled to purchase Reference Shares by virtue of your ownership of the Securities. Moreover, you will not be entitled to any voting rights or to other control rights that holders of the Reference Shares may have with respect to the Reference Issuer. The Redemption Amount, being either the face amount or a delivery of the Reference Shares per \$1,000 face amount of the Securities (or, if a market disruption event occurs on the Equity Valuation Date, in our sole discretion, the cash value thereof), does not reflect the payment of dividends on the Reference Shares during the period that the Securities are outstanding. The return on the Securities will not reflect the return you would realize if you actually owned the Reference Shares and received dividends, if any, paid on the Reference Shares.

### **There Is Limited Antidilution Protection**

The Calculation Agent may adjust the Initial Price, the Knock-In Level, the Physical Delivery Amount or any other variable (or combination thereof) for stock splits, reverse stock splits, stock dividends, extraordinary dividends and corporate events that affect the capital structure of the Reference Issuer. The Calculation Agent is not required to make an adjustment for every corporate action which affects the Reference Shares. Those events or other actions by the Reference Issuer or a third party may nevertheless adversely affect the market price of the Reference Shares and therefore, adversely affect the value of the Securities. The Reference Issuer or a third party could make an offering or exchange offer, or the Reference Issuer could take any other action, that adversely affects the value of the Reference Shares and the Securities but does not result in an adjustment.

### **Reference Shares May Become Substituted by Shares of Other Companies**

Following certain corporate events relating to the Reference Shares, such as a merger event where the holders of Reference Shares would receive all of their consideration in the form of new shares that are publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant exchange, then the Reference Shares will be adjusted to comprise the new number of such shares. See “Antidilution Adjustments.”

The occurrence of such corporate events and the consequent adjustments may materially and adversely affect the market price of the Securities.

**The Reference Issuer Is Not Affiliated with the Issuer, the Guarantor, Fortis Bank, Fortis Securities LLC or Their Affiliates, and the Issuer Is Not Responsible for Any Disclosure by the Reference Issuer.**

The Issuer, the Guarantor, Fortis Bank, Fortis Securities LLC and its affiliates have no affiliation with the Reference Issuer, and are not responsible for public disclosure of information by the Reference Issuer, whether contained in SEC filings or otherwise. As noted below, however, the Issuer, the Guarantor or any of their affiliates may currently or from time to time in the future engage in business with the Reference Issuer. You, as an investor in the Securities, should make your own investigation into the Reference Issuer. The Reference Issuer is not involved with the offer of the Securities in any way and has no obligation to consider your interest as a holder of the Securities in taking any corporate actions that might affect the value of the Securities. The Reference Issuer may take actions that could adversely affect the value of the Securities. None of the money paid for the Securities will go to the Reference Issuer.

**As the Securities Are Not Listed, You May Not Have an Active Trading Market in the Securities**

The Securities will be new securities for which currently there is no trading market. The Issuer has not applied, nor does the Issuer intend to apply, for listing of the Securities on any securities exchange. Under ordinary market conditions, Fortis Securities LLC or an affiliate may effect secondary purchases of the Securities, but they are not required to do so and may stop doing so at any time. There can be no assurance that a secondary market would be liquid. If the secondary market for the Securities is limited, there may be fewer buyers when you decide to sell your Securities prior to maturity, affecting the price you will receive. For example, you may be forced to sell your Securities at a substantial discount from the Issue Price, and as a result you may suffer substantial losses. You should, therefore, be willing to hold your Securities until the Maturity Date.

**The Inclusion of Commissions and Projected Profit From Hedging in the Original Issue Price of the Securities Is Likely to Adversely Affect Secondary Market Prices**

Assuming no change in market conditions or any other relevant factors, the price, if any, at which Fortis Securities LLC or an affiliate is willing to purchase the Securities in secondary market transactions will likely be lower than the original Issue Price, since the original Issue Price includes, while secondary market prices are likely to exclude, commissions paid with respect to the Securities, as well as the projected profit estimated in the cost of hedging the Issuer's obligations under the Securities. In addition, any such secondary market prices may differ from values determined by pricing models used by Fortis Securities LLC or an affiliate, as a result of dealer discounts, mark-ups or other transaction costs.

**Historical Values of the Reference Shares Should Not Be Taken as an Indication of Future Values of the Reference Shares During the Term of the Securities**

The market price of the Reference Shares will determine, in part, the value of the Securities. The historical closing prices of the Reference Shares should not be interpreted as an indication of the future performance of the Reference Shares. In fact, it is impossible to predict with certainty whether the value of the Reference Shares will rise or fall. Market prices of the Reference Shares will be influenced by complex and interrelated political, economic, financial and other factors that can affect the value of the Reference Shares.

**Suspension or Disruptions of Market Trading in the Reference Shares May Adversely Affect the Value of the Securities.**

The value of the Securities may be adversely affected by a suspension or disruption in the trading of the Reference Shares on the relevant exchange or related markets.

**The Market Value of The Securities May Be Influenced By Unpredictable Factors**

The market value of your Securities may fluctuate between the date you purchase them and the Maturity Date. Therefore, you may sustain a significant loss if you sell the Securities in the secondary market or hold them to maturity. Several factors, many of which are beyond the Issuer's control, will influence the market value of the

Securities. In addition, the effect of one factor may offset any increase in the market value of your Securities caused by another factor, and vice versa. It is expected that generally the value of the Reference Shares and interest rates on any day will affect the market value of the Securities more than any other factors. Other factors that may influence the market value of the Securities include:

- whether the closing price of the Reference Shares has declined to or below the Knock-In Level on any trading day during the Reference Period;
- the volatility of the Reference Shares (i.e., the frequency and magnitude of changes in the value of the Reference Shares);
- the dividend rate paid on the Reference Shares (while not paid to holders of the Securities, dividend payments on the Reference Shares may influence the Final Price and the value of the Reference Shares, and therefore affect the market value of the Securities);
- suspension or disruptions of market trading in the Reference Shares;
- the time remaining to the maturity of the Securities;
- supply and demand for the Securities, including inventory positions with the Issuer or any market maker;
- economic, financial, political, regulatory, or judicial events that affect the value of the Reference Shares or that affect stock markets generally; or
- the creditworthiness of the Issuer or the Guarantor.

#### **Our Business Activities May Create Conflicts of Interest**

Fortis Bank and its affiliates expect to engage in trading activities related to the Reference Shares that are not for the account of holders of the Securities or on their behalf. These trading activities may present a conflict between the holders' interest in the Securities and the interests Fortis Bank and its affiliates will have in their proprietary accounts, in facilitating transactions, including block trades and options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the market value of the Reference Shares, could be adverse to the interests of the holders of the Securities.

The Issuer, the Guarantor and their affiliates may, at present or in the future, engage in business with the Reference Issuer, including making loans to or providing advisory services to the Reference Issuer. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between the obligations of the Issuer or another affiliate of the Issuer and the interests of holders of the Securities. Moreover, the Fortis Bank Group may in the future publish research reports with respect to the Reference Issuer. This research may express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any of these activities by Fortis Bank and its affiliates may affect the market price of the Reference Shares and, therefore, the market value of the Securities.

#### **Fortis Bank's Role as the Calculation Agent Presents a Potential Conflict of Interest**

Fortis Bank will act as the Calculation Agent. The Calculation Agent is responsible for, among other things, (i) determining the Final Price on the Equity Valuation Date and (ii) calculating the cash value of the fractional interests in the Reference Shares that must be paid if the Redemption Amount is the Physical Delivery Amount. The Calculation Agent will also determine whether or not a Market Disruption Event has occurred or is continuing and whether or not (and if so, to what extent) antidilution adjustments are necessary. As the Calculation Agent, Fortis Bank will exercise its judgment when performing these functions. Because the Calculation Agent is Fortis Bank, the Calculation Agent may have economic interests adverse to those of the holders of the Securities, including with respect to certain determinations and judgments that the Calculation Agent must make in determining the Redemption Amount, whether the closing price is less than the Knock-In Level or whether the Market Disruption Event exists, or with respect to other determinations that the Calculation Agent may be required to make relating to the Reference Shares. Since these determinations may affect the market value of the Securities, Fortis Bank, acting as the Calculation Agent, and the Issuer and its affiliates may have a conflict of interest if they need to make any such decision.

## **As the Calculation Agent, Fortis Bank May Postpone the Determination of the Final Price on the Equity Valuation Date if a Market Disruption Event Occurs or Is Continuing on Such Date**

The determination of the Final Price may be postponed if Fortis Bank, as the Calculation Agent, determines that a Market Disruption Event has occurred or is continuing on the Equity Valuation Date. If such a postponement occurs, Fortis Bank will instead use the closing price of the Reference Shares on the first trading day after that day on which no Market Disruption Event occurs or is continuing. In no event, however, will the Equity Valuation Date for the Securities be postponed by more than five trading days. As a result, the Maturity Date for the Securities could also be postponed. If the Equity Valuation Date is postponed to the last possible day, but a Market Disruption Event occurs or is continuing on such last possible day, that day will nevertheless be the Equity Valuation Date, and the Calculation Agent, will make a good faith estimate in its sole discretion of the Final Price based upon its assessment of the market value of the Reference Shares at that time. If the Maturity Date is extended in the event of a Market Disruption Event, you will not be paid any Coupon for the duration of such extension from the Maturity Date until the extended Maturity Date.

## **The Treatment of the Securities for U.S. Federal Income Tax Purposes Is Uncertain**

There is no direct legal authority as to the proper tax treatment of the Securities, and the Issuer's counsel has not rendered an opinion as to their proper treatment for U.S. federal income tax purposes. Significant aspects of the tax treatment of the Securities are uncertain. Pursuant to the terms of the Securities, you will agree with the Issuer to treat a Security as a unit consisting of (i) a put right (the "Put Right") written by you to the Issuer that, if exercised, requires you to pay the Issuer, in exchange for Reference Shares, an amount equal to the face amount of your Securities and (ii) a debt instrument issued by the Issuer for an amount of cash to secure your obligation under the Put Right, as described in the section of this Pricing Supplement called "United States Federal Income Tax Considerations — Tax Consequences to U.S. Holders — General." If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment for the Securities, the timing and/or character of income on the Securities and your tax basis for any Reference Shares received in exchange for the Securities could differ from the description herein. Moreover, on December 7, 2007, the Treasury Department and the IRS released a notice requesting comments on a number of issues related to "prepaid forward contracts" and similar instruments. While it is not entirely clear whether instruments such as the Securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of ownership and disposition of the Securities, possibly on a retroactive basis. The Issuer does not plan to request a ruling from the IRS regarding the tax treatment of the Securities, and the IRS or a court may not agree with the tax treatment described in this Pricing Supplement. **Please read carefully the section of this Pricing Supplement called "United States Federal Income Tax Considerations" and, in particular, the section called "United States Federal Income Tax Considerations — Possible Alternative Tax Treatments of an Investment in the Securities."**

**You should consult your own tax adviser regarding all aspects of the U.S. federal tax consequences of investing in the Securities, including possible alternative treatments and the potential relevance of the December 7, 2007 notice, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.**

As discussed in the section of this Pricing Supplement called "United States Federal Income Tax Considerations," you cannot use the tax summaries herein for the purpose of avoiding penalties that may be asserted against you under the Internal Revenue Code of 1986, as amended.

## **Your Investment in the Securities Is Not Insured By the FDIC**

Neither the Securities nor the Guarantee are insured by the Federal Deposit Insurance Corporation.

## **Certain Considerations For Insurance Companies and Employee Benefit Plans.**

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or the Code, including an IRA or a Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing Securities with the assets of the insurance company or such plan, should consult with its

counsel regarding whether the purchase or holding of the Securities could become a “prohibited transaction” under ERISA, the Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by holding the Securities.

**Holdings of the securities by our affiliates and future sales may affect the price of the securities.**

Certain of our affiliates may purchase up to 20% of the securities for investment. As a result, upon completion of an offering, our affiliates may own up to approximately 20% of the securities offered in that offering. Circumstances may occur in which our interest or those of our affiliates could be in conflict with your interests. In addition, if a substantial portion of the securities held by our affiliates were to be offered for sale in the secondary market, if any, following such an offering, the market price of the securities may fall. The negative effect of such sales on the prices of the securities could be more pronounced if secondary trading in the securities is limited or illiquid.

## DESCRIPTION OF THE SECURITIES

These terms supplement the section entitled “Terms and Conditions of the Notes” in the accompanying Offering Circular and must be read in conjunction with the Offering Circular.

### **General; Evidence of the Securities**

The Securities are being issued in denominations of \$10,000 and integral multiples of \$1,000 in excess of \$10,000. The Securities and the Guarantee will be direct unsubordinated obligations of the Issuer and the Guarantor, respectively, and will rank *pari passu* with all other unsubordinated obligations of the Issuer and Guarantor, respectively. The aggregate face amount of the Securities issued will be limited to the amount set forth on the front cover. The Securities will mature on the Maturity Date (or if such day is not a business day, the following business day).

**The Securities, as well as the Guarantee, are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. federal or state government agency or entity. The Securities are subject to investment risk.**

### **The Guarantee**

Pursuant to the Guarantee, Fortis Bank, New York Branch, will unconditionally and irrevocably guarantee to the holders of the Securities all payments in full of all amounts when due under the Securities, if such amounts have not been received by the holders at the time such payment is due. Under the terms of the Guarantee, the Guarantor will waive diligence, presentment, demand, protest and notice of any kind with respect to the Guarantee. The Guarantor also will waive any requirement that the holders exhaust any rights or take any action against the Issuer in respect of the obligations covered by the Guarantee; provided, that in the event of a default in payment of any amounts due to holders in respect of the Securities, the holders may institute legal proceedings directly against the Guarantor to enforce the Guarantee without first proceeding against the Issuer. The Guarantee will constitute the direct, general, absolute and unconditional obligation of the Guarantor, will be a continuing guarantee, will be irrevocable and will be a guarantee of payment and not of collection, it being the intention of the Guarantor that the Guarantee shall not be discharged except by the payment of all amounts due under the Securities. The Guarantee will further provide that it will remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment by the Issuer on the Securities, in whole or in part, is rescinded or must otherwise be returned by any holder upon the bankruptcy, insolvency, reorganization or similar proceeding involving the Issuer, all as though such payment had not been made.

### **Coupon**

The Securities will pay a Coupon at the rate per annum specified on the front cover, based on assumed 30-day months and a 360-day year, which will be paid on the Coupon Payment Dates specified on the front cover.

### **No Redemption at the Option of the Issuer or the Holder**

The Securities are not subject to redemption at the option of the Issuer or any holder prior to maturity. Except in the event of an acceleration of maturity of the Securities, the Issuer will not make any payments on the Securities until maturity.

### **Payment at Maturity**

At maturity, the holder of a Security will receive, in addition to the final Coupon payment, the Redemption Amount. The Redemption Amount payable with respect to each Security at maturity will be calculated by the Calculation Agent on the Maturity Date and, for each \$1,000 face amount of the Securities, will be calculated as follows:

- If the Final Price on the Equity Valuation Date is equal to or greater than the Initial Price (as stated on the front cover of the Pricing Supplement), the Redemption Amount will be the Cash Delivery Amount;

- If the Final Price is less than the Initial Price and the closing price of the Reference Shares is greater than the Knock-In Level on every trading day during the Reference Period, the Redemption Amount will be the Cash Delivery Amount; or
- If the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period, the Securities will have “knocked in,” and if the Final Price is below the Initial Price, the Redemption Amount will be the Physical Delivery Amount. If a market disruption event occurs on the Equity Valuation Date, the Issuer may, in its sole discretion, deliver the cash value of the Physical Delivery Amount on the Maturity Date.

The “Initial Price” is the closing price of the Reference Shares on the date the Securities are priced for initial sale. The “Final Price” is the closing price of the Reference Shares on the Equity Valuation Date.

On any trading day, the “closing price” for the Reference Shares will be determined as follows:

- If the Reference Shares are listed or admitted to trading on a national securities exchange, the last reported sale price, regular way (or, in the case of the NASDAQ Stock Market, the official closing price), of the principal trading session on such day on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended, on which the Reference Shares are listed or admitted to trading, or
- if the Reference Shares are not listed or admitted to trading on any national securities exchange but are included in the OTC Bulletin Board Service operated by The Financial Industry Regulatory Authority, the last reported sale price of the principal trading session on the OTC Bulletin Board Service on such day, or
- otherwise, if none of the above circumstances is applicable, the mean, as determined by the Calculation Agent, of the bid prices for the Reference Shares obtained from as many dealers in such security, but not exceeding three, as will make such bid prices available to the Calculation Agent.

In all cases, the foregoing Redemption Amount is subject to adjustment for certain corporate events, as described below. The value of the Reference Shares or the payment received at maturity may be less than 100% of the outstanding face amount of your Securities. This risk is described under “Risk Factors — No Principal Protection; You May Lose Your Entire Investment in the Securities” above. If the Redemption Amount would otherwise involve a fractional share of the Reference Shares, the Issuer will pay cash instead of such fractional share, in an amount equal to that fraction *multiplied* by the Final Price.

If the Maturity Date is not a business day, the Maturity Date will be postponed to the next succeeding business day. The Calculation Agent may postpone the Equity Valuation Date — and therefore the Maturity Date — if a Market Disruption Event occurs or is continuing on a day that would otherwise be the Equity Valuation Date. Market Disruption Events are described under “—Market Disruption Events” below. In no event, however, will the Equity Valuation Date be postponed for more than five trading days.

A “trading day” is any day, as determined by the Calculation Agent, on which trading is generally conducted on the principal securities exchange or over-the-counter market for the Reference Shares. A “business day” is any day, other than a Saturday, Sunday or a day on which banking institutions in the City of New York, New York or the Cayman Islands are generally authorized or obligated by law or executive order to close.

### **Market Disruption Events**

If the Calculation Agent determines that a Market Disruption Event has occurred or is continuing on a day that would otherwise be the Equity Valuation Date, then the Calculation Agent will use the Final Price of the Reference Shares on the first trading day after that day on which no Market Disruption Event occurs or is continuing. In no event, however, will the Equity Valuation Date be postponed by more than five trading days.

If the determination of the Equity Valuation Date is postponed to the last possible trading day, but a Market Disruption Event occurs or is continuing on that day, that day will nevertheless be the Equity Valuation Date, and

the Calculation Agent will make a good faith estimate of the Final Price of the Reference Shares based upon its assessment of the value of the Reference Shares at that time.

If the Equity Valuation Date is postponed due to a Market Disruption Event, the Maturity Date for the Securities will also be postponed by the same number of days. If the Maturity Date is extended in the event of a Market Disruption Event, you will not be paid any Coupon for the duration of such extension from the Maturity Date until the extended Maturity Date.

Any of the following will be a Market Disruption Event:

- a suspension, absence or material limitation of trading in the Reference Shares for more than two hours or during the one-half hour before the close of trading on the relevant exchange, as determined by the Calculation Agent in its sole discretion;
- a suspension, absence or material limitation of trading in option or futures contracts relating to the Reference Shares for more than two hours of trading or during the one-half hour before the close of trading in the market on which options or futures contracts relating to the Reference Shares trade, as determined by the Calculation Agent in its sole discretion; or
- the price of the Reference Shares is not published, as determined by the Calculation Agent in its sole discretion.

The following event will not be a Market Disruption Event:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market.

### **Events of Default and Acceleration**

In case an event of default (as defined in the accompanying Offering Circular) with respect to any Securities shall have occurred and be continuing, the amount declared due and payable upon any acceleration of the Securities (in accordance with the acceleration provisions set forth in the accompanying Offering Circular) will be determined by the Calculation Agent and will equal, for each security, the arithmetic average, as determined by the Calculation Agent, of the fair market value of the Securities as determined by at least three but not more than five broker-dealers (which may include Fortis Securities LLC or any of the Issuer's other subsidiaries or affiliates) as will make such fair market value determinations available to the Calculation Agent, and the Redemption Amount will be calculated in the same general manner as described above under "— Payment at Maturity."

### **Purchases**

The Issuer may at any time purchase any Securities, which may, in its sole discretion, be held, sold or cancelled.

### **Cancellation**

Upon the purchase and surrender for cancellation of any Securities by the Issuer or the redemption of any Securities, such Securities will be cancelled by the trustee.

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

The Securities will be issued in the form of one or more fully registered global Securities, or the global notes, in denominations of \$10,000 or integral multiples of \$1,000 greater than \$10,000. The Issuer will deposit the global notes with, or on behalf of, The Depository Trust Company, New York, New York, or DTC, as the depository, and will register the notes in the name of Cede & Co., DTC's nominee. Your beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

As long as the Securities are represented by the global notes, the Issuer will pay the Redemption Amount on the Securities, if any, to or as directed by DTC as the registered holder of the global notes. Payments to DTC will be in immediately available funds by wire transfer. DTC will credit the relevant accounts of their participants on the applicable date.

DTC has advised as follows:

- *As to DTC:* DTC has advised that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. DTC holds Securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such Securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of Securities certificates. DTC’s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to DTC’s book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

### **Calculation Agent**

The Calculation Agent is Fortis Bank. The calculations and determinations of the Calculation Agent will be final and binding upon all parties (except in the case of manifest error). The Calculation Agent will have no responsibility for good faith errors or omissions in its calculations and determinations, whether caused by negligence or otherwise. The Calculation Agent will not act as your agent. Because the Calculation Agent is Fortis Bank, potential conflicts of interest may exist between you and the Calculation Agent.

### **Hedging**

One or more of the Issuer’s affiliates before and following the issuance of the Securities may acquire or dispose of the Reference Shares or listed or over-the-counter options contracts in, or other derivatives or synthetic instruments related to, the Reference Shares to hedge the Issuer’s obligations under the Securities. In the course of pursuing such a hedging strategy, the price at which such positions may be acquired or disposed of may be a factor in determining the values of the Reference Shares. Although the Issuer and its affiliates have no reason to believe that its or their hedging activities will have a material impact on the values of the Reference Shares, there can be no assurance that the values will not be affected.

From time to time after issuance and prior to the maturity of the Securities, depending on market conditions (including the values of the Reference Shares), in connection with hedging certain of the risks associated with the Securities, it is expected that one or more of the Issuer’s affiliates will increase or decrease their initial hedging positions using dynamic hedging techniques and may take long or short positions in listed or over-the-counter options contracts in, or other derivative or synthetic instruments related to, the Reference Shares. In addition, the Issuer or one or more of its affiliates may take positions in other types of appropriate financial instruments that may become available in the future. To the extent that the Issuer or one or more of its affiliates have a long hedge position in options contracts in, or other derivative or synthetic instruments related to, the Reference Shares, the Issuer or one or more of its affiliates may liquidate a portion of its or their holdings at or about the time of the maturity of any Securities. Depending, among other things, on future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. These hedging activities will not be limited to any particular securities exchange or market.

The Issue Price of the Securities includes the commissions paid to certain broker-dealers with respect to the Securities and the cost of hedging the Issuer’s obligations under the Securities. The cost of hedging includes the projected profit that the Issuer’s affiliates expect to realize in consideration for assuming the risks inherent in

managing the hedging transactions. Since hedging obligations entails risk and may be influenced by market forces beyond the Issuer or its affiliates' control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss.

#### **Further Issues**

The Issuer may, without the consent of the holders, issue additional Securities having the same ranking and same interest rate, maturity date, redemption terms and other terms as Securities that are then outstanding (except for the issue price and the issue date). Any such additional Securities will constitute, together with the previously issued Securities, a single Series of securities under the Indenture. There is no limitation on the amount of Securities that the Issuer may issue under the Indenture.

## ANTIDILUTION ADJUSTMENTS

*In the case of any Reference Share Ratio Event, Merger Event, Tender Offer, Nationalization, Insolvency, Delisting Event or Potential Adjustment Event (each as defined below), the Calculation Agent will adjust any or all of the Initial Price, the Knock-In Level, the Physical Delivery Amount or any other variable relating to the Securities as described below. The adjustments described below do not cover all events that could affect the value of the Securities. Risks relating to dilution are described above under “Risk Factors.”*

If one of the events described below occurs, the Calculation Agent will calculate, as applicable, a corresponding adjustment to the Initial Price, the Knock-In Level, the Physical Delivery Amount or any other variable (or any combination thereof) as the Calculation Agent determines appropriate to account for that event. The Calculation Agent will also determine the effective date of that adjustment, and the replacement of the Reference Shares, if applicable. Upon making any such adjustment, the Calculation Agent will give notice as soon as practicable to the Trustee, stating the adjustment made.

If more than one event requiring adjustment occurs, the Calculation Agent will make such an adjustment for each event in the order in which the events occur, and on a cumulative basis. Thus, having adjusted the Initial Price, the Knock-In Level, the Physical Delivery Amount, or any other variable for the first event, the Calculation Agent will adjust the appropriate variables for the second event, applying the required adjustment cumulatively.

For any dilution event described below, other than a Merger Event or Tender Offer, the Calculation Agent will not have to adjust the Initial Price, the Knock-In Level or the Physical Delivery Amount, as applicable, unless the adjustment would result in a change of at least 0.1% of the unadjusted amount. The Initial Price, the Knock-In Level or the Physical Delivery Amount resulting from any adjustment will be rounded up or down, as appropriate, to, in the case of the Initial Price or the Knock-In Level, the nearest cent, and, in the case of the Physical Delivery Amount, the nearest thousandth, with one-half cent and five ten-thousandths, respectively, being rounded upward.

If an event requiring antidilution adjustment occurs, the Calculation Agent will make the adjustments with a view to offsetting, to the extent practical, any change in your economic position relative to the Securities that results solely from that event. The Calculation Agent may, in its sole discretion, modify the antidilution adjustments as necessary to ensure an equitable result.

### **Events Requiring an Antidilution Adjustment**

The following events are those that may require an antidilution adjustment:

*Reference Share Ratio Events.* A “Reference Share Ratio Event” shall mean, in respect of the Reference Shares, any change in the number of Reference Shares.

*Merger Events.* A “Merger Event” shall mean any (i) reclassification or change of the Reference Shares that results in a transfer of, or an irrevocable commitment to transfer all of, the outstanding Reference Shares to another person or entity, (ii) consolidation, amalgamation, merger or binding share exchange of the Reference Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the Reference Issuer is the continuing entity and which does not result in a reclassification or change of all of such Reference Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Reference Shares (other than any Reference Shares owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the Reference Issuer or its subsidiaries with or into another entity in which the Reference Issuer is the continuing entity and which does not result in a reclassification or change of all such Reference Shares outstanding but results in the outstanding Reference Shares (other than Reference Shares owned or controlled by such other entity) immediately following such event collectively representing less than 50% of the outstanding Reference Shares immediately following such event (a “Reverse Merger”), in each case if the closing date of the Merger Event is on or before the Equity Valuation Date.

*Tender Offers.* A “Tender Offer” shall mean any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 10% of the outstanding

Reference Shares as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

*Nationalization.* “Nationalization” shall mean all the assets or substantially all the assets of the Reference Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

*Insolvency.* “Insolvency” shall mean that, by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of, or any analogous proceeding involving, the Reference Issuer, (i) all of the Reference Shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Reference Shares become legally prohibited from transferring the Reference Shares.

*Delisting Event.* A “Delisting Event” shall occur if the Relevant Exchange announces that pursuant to the rules of the Relevant Exchange, the Reference Shares cease (or will cease) to be listed, traded or publicly quoted on the Relevant Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Relevant Exchange.

*Potential Adjustment Events.* A “Potential Adjustment Event” shall mean any of the following (i) a free distribution or distribution of the Reference Shares to existing holders by way of bonus, capitalization or similar issue; (ii) a distribution to existing holders of the Reference Shares of (A) Reference Shares, (B) other capital or securities granting the right to payment of distributions and/or proceeds of liquidation of the Reference Issuer equally or proportionately with such payments to holders of such Reference Shares or (C) any other type of securities, rights or warrants or other assets, in any case for payments (cash or other) at less than the prevailing market price, as determined by the Calculation Agent; (iii) an extraordinary distribution paid by the Reference Issuer; (iv) a call by the Reference Issuer in respect of Reference Shares that are not fully paid; (v) a repurchase of Reference Shares or securities convertible into or exchangeable for Reference Shares, by the Reference Issuer whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) any other similar event that may have a diluting or concentrative effect on the Reference Shares other than Insolvency, Merger Event, Nationalization, Delisting Event or Tender Offer, in each case if the Potential Adjustment Event occurs before the Equity Valuation Date.

*Provisions Relating to Merger Events or Tender Offers.* If a Merger Event or a Tender Offer occurs and the consideration for the Reference Shares consists solely of new shares that are publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Relevant Exchange, then the Reference Shares will be adjusted to comprise the new number of shares (the “New Reference Shares”) to which a holder of one Reference Share immediately prior to the occurrence of the Merger Event or Tender Event, as the case may be, would be entitled upon consummation of such Merger Event or Tender Offer, and the Calculation Agent shall adjust any or all of the Initial Price, the Knock-In Level, the Physical Delivery Amount, or any other variable for such New Reference Shares.

If such new shares offered as consideration for the Reference Shares are not publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Relevant Exchange, then the Calculation Agent shall accelerate the Maturity Date to the day which is four business days after the Approval Date (as defined below) and the Calculation Agent shall, in its sole discretion, calculate the value of the Securities that would preserve for the holder of a Security the economic equivalent of any remaining payment obligations with respect to the Securities hereunder. For purposes of such calculation, the “Final Price of the Reference Shares on the Equity Valuation Date” will be deemed to be the per share value of all consideration received (or that would be received) in respect of such event; the Equity Valuation Date will be deemed to be the Approval Date; and the Relevant Period shall be deemed to end on and include the Approval Date. The “Approval Date” is the closing date of a Merger Event, or, in the case of a Tender Offer, the date on which the person or entity making the Tender Offer acquires, or acquires the right to obtain, the relevant percentage of Reference Shares, or if such date is not a business day, the immediately preceding business day.

If a Merger Event or Tender Offer occurs and the consideration for the Reference Shares consists solely of cash and assets (“Other Consideration”) and other securities (other than New Reference Shares), or consists of New Reference Shares and Other Consideration, then the Calculation Agent shall accelerate the Maturity Date to the day which is four business days after the Approval Date and the Calculation Agent shall, in its sole discretion, calculate the value of the Securities that would preserve for the holder of a Security the economic equivalent of any remaining

payment obligations with respect to the Securities hereunder. For purposes of such calculation, the “Final Price of the Reference Shares on the Equity Valuation Date” will be deemed to be the per share value of all consideration received (or that would be received) in respect of such event; the Equity Valuation Date will be deemed to be the Approval Date; and the Relevant Period shall be deemed to end on and include the Approval Date. In the case of an acceleration of the maturity of the Securities, Coupon will be paid on the Securities through and excluding the related date of accelerated payment.

*Provisions Relating to Nationalizations, Insolvencies or Delisting Events.* If a Nationalization, Insolvency or Delisting Event relating to the Reference Shares occurs, the Calculation Agent shall accelerate the Maturity Date to the day which is four business days after the Announcement Date (as defined below). On the Maturity Date, the Issuer shall pay to each holder of a Security the Physical Delivery Amount and for the purposes of such calculation, the “Final Price of the Reference Shares on the Equity Valuation Date” will be deemed to be the closing price on the business day immediately following the Announcement Date. The “Announcement Date” means (i) in the case of a Nationalization, the day of the first public announcement by the relevant government authority that all or substantially all of the assets of the issuer of the Reference Shares are to be nationalized, expropriated or otherwise transferred to any governmental agency, authority or entity, (ii) in the case of a Delisting Event, the day of the first public announcement by the Relevant Exchange that the Reference Shares will cease to trade or be publicly quoted on such exchange or (iii) in the case of an Insolvency, the day of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to an Insolvency with respect to the Reference Issuer. The Calculation Agent shall then calculate the value of the Securities that would preserve for the holder of a Security the economic equivalent of any remaining payment obligations with respect to the Securities hereunder. In the case of an acceleration of the maturity of the Securities, Coupon will be paid on the Securities through and excluding the related date of accelerated payment.

*Provisions Relating to Potential Adjustment Events.* If a Potential Adjustment Event shall occur, then the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the Reference Shares and, if so, will (i) make the corresponding adjustment(s), if any, to the Initial Price, the Knock-In Level, the Physical Delivery Amount and any other variable relevant to the terms of the Securities or the Coupon calculation as the Calculation Agent determines appropriate to account for that diluting or concentrative effect, and (ii) determine the effective date(s) of the adjustment(s).

*Valuation of Distributed Property.* For the purposes of making an adjustment required by any of the events described in this section, the Calculation Agent will determine the value of each type of property distributed in the distribution. For any property distributed consisting of New Reference Shares or other property, the Calculation Agent will use the closing price of the New Reference Shares on the Approval Date, or if such date is not a business day, the immediately preceding business day. The Calculation Agent may value other types of property in any manner it determines to be appropriate. If a holder of Reference Shares may elect to receive different types or combinations of types of property in the reorganization event, such property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the Calculation Agent. The Calculation Agent will provide information about the adjustments it makes upon your written request.

## UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

**This disclosure is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal income tax treatment of the Securities. This tax disclosure was written in connection with the promotion or marketing by the Issuer of the Securities, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code of 1986, as amended (the “Code”). You should seek advice based on your particular circumstances from an independent tax adviser.**

The following are the material U.S. federal income tax consequences of ownership and disposition of the Securities. This discussion only applies to initial investors in the Securities who:

- purchase the Securities at their Issue Price; and
- will hold the Securities as capital assets within the meaning of Section 1221 of the Code.

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of the holder’s particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers or certain traders in securities;
- investors holding the securities as part of a hedging transaction, “straddle,” conversion transaction, or integrated transaction, or who hold the securities as part of a constructive sale transaction;
- persons whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- regulated investment companies;
- real estate investment trusts;
- tax exempt entities, including “individual retirement accounts” or “Roth IRAs;”
- persons subject to the alternative minimum tax;
- nonresident alien individuals who have lost their U.S. citizenship or who have ceased to be taxed as U.S. resident aliens; or
- Non-U.S. Holders (as defined below) for whom income or gain in respect of the Securities is effectively connected with the conduct of a trade or business in the United States.

Additionally, except as pertains to the withholding tax described below under “—Tax Consequences to Non-U.S. Holders,” the effect of the U.S. federal tax laws, including the effect of the U.S. federal estate tax laws, on an investment in the Securities by non-U.S. investors is not discussed.

As the law applicable to the U.S. federal income taxation of instruments such as the Securities is technical and complex, the discussion below necessarily represents only a general summary. Moreover, the effect of any applicable state, local or foreign tax laws is not discussed. In addition, this summary does not address the U.S. federal income tax consequences of the ownership or disposition of the Reference Shares should an investor receive the Reference Shares at maturity. Investors should consult their tax advisers regarding the potential U.S. federal income tax consequences of the ownership and disposition of the Reference Shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date of this Pricing Supplement may affect the tax consequences described herein, possibly on a retroactive basis. You should consult your tax adviser with regard to the application of the U.S. federal income tax laws to your particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

## **Tax Consequences to U.S. Holders**

As used herein, the term “U.S. Holder” means, for U.S. federal income tax purposes, a beneficial owner of a Security that is:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

The term U.S. Holder also includes certain former citizens and residents of the United States.

### ***General***

Pursuant to the terms of the Securities, the Issuer and every investor in the Securities will agree (in the absence of an administrative determination or judicial ruling to the contrary) to treat a Security for all U.S. federal income tax purposes as a unit consisting of the following:

- (i) a put right (the “Put Right”) written by the investor to the Issuer that, if exercised, requires the investor in a Security to pay the Issuer an amount equal to the face amount of the Security in exchange for the Reference Shares (and cash in lieu of any fractional share); and
- (ii) a debt instrument issued by the Issuer for an amount of cash equal to the Issue Price (the “Debt Instrument”), which Debt Instrument pays interest in cash based on the Issuer’s cost of borrowing at the time of issuance (the “Yield on the Debt Instrument”).

The Issuer has determined that the Yield on the Debt Instrument is 2.79188% per annum. The Put Right will be deemed to have been exercised only if the Final Price of the Reference Shares on the Equity Valuation Date is less than the Initial Price and the closing price of the Reference Shares is less than or equal to the Knock-In Level on any trading day during the Reference Period.

Based upon the Issuer’s determination of the relative fair market values of the Put Right and the Debt Instrument at the time of issuance of the Securities, the Issuer will allocate 100% of the Issue Price of the Securities to the Debt Instrument and none to the Put Right. The Issuer’s allocation of the Issue Price between the Put Right and the Debt Instrument will be binding on investors in the Securities, unless an investor timely and explicitly discloses to the Internal Revenue Service (“IRS”) that its allocation is different from that of the Issuer. The treatment of the Securities described above and the Issuer’s allocation are not, however, binding on the IRS or a court. No statutory, judicial or administrative authority directly addresses the treatment of the Securities or instruments similar to the Securities for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Securities. **The Issuer’s counsel has not rendered an opinion as to the proper U.S. federal income tax treatment of the Securities, and the Issuer has not sought a ruling from the IRS with respect to the proper treatment of the Securities. Significant aspects of the U.S. federal income tax consequences of an investment in the Securities are uncertain, and no assurance can be given that the IRS or a court will agree with the treatment described herein. If the IRS were successful in asserting an alternative treatment for the Securities, the timing and/or character of income on the Securities and a U.S. Holder’s tax basis in any Reference Shares received in exchange for the Securities could differ from the description herein. The Issuer does not plan to request a ruling from the IRS regarding the tax treatment of the Securities, and the IRS or a court may not agree with the tax treatment described in this Pricing Supplement. Accordingly, you should consult your tax adviser regarding all aspects of the U.S. federal tax consequences of an investment in the Securities (including alternative treatments of the Securities) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Please read carefully the discussion below under “United States Federal Income Tax Considerations — Possible Alternative Tax Treatments of an Investment in the Securities.” Unless otherwise stated, the following discussion is based on the treatment and the allocation described above.**

## ***Tax Treatment of the Securities***

Except as otherwise noted, the remainder of this discussion assumes that the Securities are treated for U.S. federal income tax purposes in the manner described above.

***Securities with a Term Equal to or Less than One Year.*** The following discussion describes certain U.S. federal income tax consequences of ownership and disposition of the Securities if the term of the Securities is equal to or less than one year, taking into account the last possible date that the Securities could be outstanding under their terms (considering all possible contingencies, including, among others, market disruption events).

***Coupon Payments on the Securities.*** Under the treatment described above under “— General,” only a portion of the Coupon payments on the Securities will be attributable to the Yield on the Debt Instrument. The remainder of the Coupon payments will represent payments attributable to the investor’s granting of the Put Right (the “Put Premium”).

The Debt Instrument will be treated as a “short-term obligation” for U.S. federal income tax purposes. Accordingly, to the extent attributable to the Yield on the Debt Instrument, Coupon payments on the Securities will generally be taxable to a U.S. Holder as ordinary interest income. A U.S. Holder who is a cash method taxpayer will not be required to include the Yield on the Debt Instrument in income for U.S. federal income tax purposes prior to its receipt unless the holder elects to do so. A cash method taxpayer who does not make such election should include the Yield on the Debt Instrument in income upon receipt. An accrual method taxpayer will be required to include the Yield on the Debt Instrument in income as it accrues on a straight-line basis, unless the holder makes an election to accrue the Yield on the Debt Instrument according to a constant yield method based on daily compounding.

A cash method taxpayer who does not make the election to include the Yield on the Debt Instrument in income on an accrual basis will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Securities generally until and to the extent that such accrued Yield on the Debt Instrument is included in income.

The Put Premium will be accounted for in the manner described below.

***Tax Basis.*** Based on the Issuer’s determination set forth above, a U.S. Holder’s initial tax basis in the Debt Instrument will be 100% of the Issue Price.

***Receipt of Stated Face Amount in Cash upon Settlement of the Securities.*** If a U.S. Holder receives the stated face amount of a Security in cash (excluding cash attributable to Coupon payments on the Security, which will be taxed as described under “— Coupon Payments on the Securities”), the Put Right will be deemed to have expired unexercised. In such case, a U.S. Holder will not recognize any gain in respect of the Debt Instrument, but will recognize the total amount of Put Premium received by the holder over the term of the Securities as short-term capital gain at such time.

***Receipt of the Reference Shares upon Settlement of the Securities.*** If a U.S. Holder receives the Reference Shares (and cash in lieu of any fractional shares), the Put Right will be deemed to have been exercised. In such case, the U.S. Holder will not recognize any gain in respect of the Debt Instrument. In addition, the U.S. Holder will not recognize any income, gain or loss with respect to the total Put Premium received or with respect to the Reference Shares received, except in respect of cash in lieu of any fractional shares. The U.S. Holder will have an aggregate tax basis in the Reference Shares received (including any fractional share deemed received) equal to the face amount of the Debt Instrument less the total Put Premium received over the term of the Securities. A U.S. Holder’s holding period for any Reference Shares received will start on the day after receipt. With respect to any cash received in lieu of a fractional share, a U.S. Holder will recognize short-term capital gain or loss in an amount equal to the difference between the amount of cash received in lieu of the fractional share and the pro rata portion of the U.S. Holder’s aggregate tax basis in the Reference Shares that is allocable to the fractional share.

***Sale or Exchange of the Securities.*** Upon a sale or exchange of a Security prior to its maturity, a U.S. Holder will generally recognize gain or loss with respect to the Debt Instrument and the Put Right. For the purpose of determining such gain or loss, a U.S. Holder should apportion the amount realized on the sale or exchange of a Security between the Debt Instrument and the Put Right based on their respective values on the date of such sale or

exchange. The amount of gain or loss on the Debt Instrument will equal the amount realized that is attributable to the Debt Instrument, less the U.S. Holder's adjusted tax basis in the Debt Instrument. Such gain will be treated as ordinary interest income to the extent of the amount of any accrued but previously unrecognized Yield on the Debt Instrument, and any remaining gain will be treated as short-term capital gain. Loss on the Debt Instrument will be treated as short-term capital loss. The amount realized that is attributable to the Put Right, together with the total Put Premium received over the term of the Securities, will be treated as short-term capital gain.

If the value of the Debt Instrument on the date of such sale or exchange exceeds the amount realized on the sale or exchange of the Security, the U.S. Holder will be treated as having (i) sold or exchanged the Debt Instrument for an amount equal to its value on such date and (ii) made a payment (the "Put Right Assumption Payment") to the purchaser of the Security equal to the amount of such excess, in exchange for the purchaser's assumption of the U.S. Holder's rights and obligations under the Put Right. In such a case, the U.S. Holder will recognize short-term capital gain or loss in respect of the Put Right in an amount equal to the total Put Premium received over the term of the Securities, less the amount of the Put Right Assumption Payment deemed to be made by the U.S. Holder.

***Securities with a Term of More tThan One Year.*** The following discussion describes certain U.S. federal income tax consequences of ownership and disposition of the Securities if the term of the Securities is more than one year, taking into account the last possible date that the Securities could be outstanding under their terms (considering all possible contingencies, including, among others, market disruption events).

***Coupon Payments on the Securities.*** Under the treatment described above under "— General," only a portion of the Coupon payments on the Securities will be attributable to the Yield on the Debt Instrument. The remainder of the Coupon payments will represent payments attributable to the investor's granting of the Put Right (the "Put Premium"). To the extent attributable to the Yield on the Debt Instrument, Coupon payments on the Securities will generally be taxable to a U.S. Holder as ordinary interest income at the time accrued or received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

The Put Premium will be accounted for in the manner described below.

***Tax Basis.*** Based on the Issuer's determination set forth above, a U.S. Holder's tax basis in the Debt Instrument will be 100% of the Issue Price.

***Receipt of Stated Face Amount in Cash upon Settlement of the Securities.*** If a U.S. Holder receives the stated face amount of a Security in cash (excluding cash attributable to Coupon payments on the Security, which would be taxed as described above under "— Coupon Payments on the Securities"), the Put Right will be deemed to have expired unexercised. In such case, a U.S. Holder will not recognize any gain in respect of the Debt Instrument, but will recognize the total amount of Put Premium received by the holder over the term of the Securities as short-term capital gain at such time.

***Receipt of the Reference Shares upon Settlement of the Securities.*** If a U.S. Holder receives the Reference Shares (and cash in lieu of any fractional shares), the Put Right will be deemed to have been exercised. In such case, the U.S. Holder will not recognize any gain in respect of the Debt Instrument. In addition, such U.S. Holder will generally not recognize any income, gain or loss with respect to the total Put Premium received or with respect to the Reference Shares received, except in respect of cash in lieu of any fractional shares. The U.S. Holder will have an aggregate tax basis in the Reference Shares received (including any fractional share deemed received) equal to the face amount of the Debt Instrument less the total Put Premium received over the term of the Securities. A U.S. Holder's holding period for any Reference Shares received will start on the day after receipt. With respect to any cash received in lieu of a fractional share, a U.S. Holder will recognize short-term capital gain or loss in an amount equal to the difference between the amount of cash received in lieu of the fractional share and the pro rata portion of the U.S. Holder's aggregate tax basis in the Reference Shares that is allocable to the fractional share.

***Sale or Exchange of the Securities.*** Upon a sale or exchange of a Security prior to its maturity, a U.S. Holder will generally recognize capital gain or loss with respect to the Debt Instrument (which will be long-term capital gain or loss if the U.S. Holder has held the Security for more than one year at the time of such sale or exchange) and short-term capital gain or loss with respect to such U.S. Holder's rights and obligations under the Put Right. For the purpose of determining such gain or loss, a U.S. Holder should apportion the amount realized on the sale or exchange of a Security (excluding any amount attributable to accrued but previously unrecognized Yield on the Debt Instrument, which would be taxed as described under "— Coupon Payments on the Securities") between the

Debt Instrument and the Put Right based on their respective values on the date of such sale or exchange. The amount of capital gain or loss on the Debt Instrument will equal the amount realized that is attributable to the Debt Instrument, less the U.S. Holder's tax basis in the Debt Instrument. The amount realized that is attributable to the Put Right, together with the total Put Premium received over the term of the Securities, will be treated as short-term capital gain.

If the value of the Debt Instrument on the date of such sale or exchange exceeds the amount realized on the sale or exchange of the Security, the U.S. Holder will be treated as having (i) sold or exchanged the Debt Instrument for an amount equal to its value on such date and (ii) made a payment (the "Put Right Assumption Payment") to the purchaser of the Security equal to the amount of such excess, in exchange for the purchaser's assumption of the U.S. Holder's rights and obligations under the Put Right. In such a case, the U.S. Holder will recognize short-term capital gain or loss in respect of the Put Right in an amount equal to the total Put Premium received over the term of the Securities, less the amount of the Put Right Assumption Payment deemed to be made by the U.S. Holder.

### ***Possible Alternative Tax Treatments of an Investment in the Securities***

Although we and every investor in the Securities agree to treat each Security as a Put Right and a Debt Instrument, no statutory, judicial or administrative authority directly addresses the treatment of the Securities or instruments similar to the Securities for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Securities. Accordingly, no assurance can be given that the IRS will accept, or that a court will uphold, the tax treatment described above.

Alternative U.S. federal income tax treatments of the Securities are possible, which, if applied, could significantly affect the timing and character of any income or loss with respect to the Securities. It is possible, for example, that the Securities could be taxed as forward contracts or similar derivative instruments with current payments. In this case, the entire Coupon on the Securities could be treated as giving rise to ordinary income during the term of the Securities. It is also possible that the Securities could be treated as constituting an "open transaction" with the result that the Coupon payments on the Securities might not be accounted for separately as giving rise to income to U.S. Holders until the sale, exchange or retirement of the Securities.

U.S. Holders should be aware that on December 7, 2007, the Treasury Department and the IRS released a notice requesting comments on a number of possible U.S. federal income tax treatments for "prepaid forward contracts" and similar instruments. While it is not entirely clear whether instruments such as the Securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of ownership and disposition of the Securities, possibly on a retroactive basis. The notice focuses on a number of issues, the most relevant of which for U.S. Holders of the Securities are the timing and character of income or loss (including whether the Put Premium should be currently included as ordinary income).

It is also possible that the Securities could be treated as debt instruments for U.S. federal income tax purposes. Under such treatment, in the case of Securities with a term of one year or less, a U.S. Holder would likely be required to treat the entire Coupon payment (including any accrued but previously untaxed portion of the Coupon payments in the case of a sale, exchange or retirement of the Securities between Coupon payment dates) as giving rise to ordinary income during the term of the Securities and to recognize short-term capital loss on a sale, exchange or retirement of the Securities at a loss. With respect to Securities with a term of more than one year, treatment as debt instruments would cause the Securities to be subject to the Treasury regulations governing contingent payment debt instruments (the "Contingent Payment Debt Regulations"). If the IRS were successful in asserting that the Contingent Payment Debt Regulations applied, among other things, a U.S. Holder would be required to accrue interest income as original issue discount, subject to adjustments, at a "comparable yield". Furthermore, if the Securities were treated as contingent payment debt instruments, any gain realized with respect to the Securities would generally be treated as ordinary income.

Other alternative treatments are also possible. Accordingly, you should consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the Securities, including possible alternative treatments and the potential relevance of the December 7, 2007 notice.

### ***Backup Withholding and Information Reporting***

Backup withholding may apply in respect of the amounts paid to a U.S. Holder, unless such U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number, or otherwise complies with applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS. In addition, information returns may be filed with the IRS in connection with the payments on the Securities and the proceeds from a sale or other disposition of the Securities, unless the U.S. Holder provides proof of an applicable exemption from the information reporting rules.

### **Tax Consequences to Non-U.S. Holders**

This section applies only to Non-U.S. Holders. As used herein, a "Non-U.S. Holder" means, for U.S. federal income tax purposes, a beneficial owner of a Security that is:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign trust or estate.

For purposes of this discussion, "Non-U.S. Holder" does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition. Such a holder should consult his or her own tax adviser regarding the U.S. federal tax consequences of the sale, exchange or other disposition of a Security.

### ***General***

As described above under "— Tax Consequences to U.S. Holders — General," the Issuer and every investor in the Securities will agree (in the absence of an administrative determination or judicial ruling to the contrary) to treat each Security for all U.S. federal income tax purposes as a unit consisting of the Put Right and the Debt Instrument, and, except as otherwise noted, the remainder of this discussion assumes that the Securities are treated for U.S. federal income tax purposes in this manner.

Subject to the discussion below concerning backup withholding, payments with respect to the Securities by the Issuer or a paying agent to a Non-U.S. Holder, and gain realized on the sale, exchange or other disposition of such Securities, will not be subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Holder does not own, directly or by attribution, ten percent or more of the total combined voting power of all classes of the Issuer's stock entitled to vote;
- the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership;
- the Non-U.S. Holder is not a bank receiving interest under Section 881(c)(3)(A) of the Code; and
- the certification requirement described below has been fulfilled with respect to the beneficial owner.

*Certification Requirement.* The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a Security (or a financial institution holding the Security on behalf of the beneficial owner) furnishes to the Issuer an IRS Form W-8BEN, on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.

### ***Possible Alternative Tax Treatments of an Investment in the Securities***

As described above under "— Tax Consequences to U.S. Holders — Possible Alternative Tax Treatments of an Investment in the Securities," the IRS may seek to apply a different characterization and tax treatment than those described herein. In connection with such an alternative tax treatment, the IRS might contend that U.S. federal withholding tax should apply to payments on the Securities. It is possible that certain paying agents might withhold on Coupon payments to Non-U.S. Holders at a rate of 30% unless such holders claim an exemption or reduction under an applicable income tax treaty. In addition, on December 7, 2007, the Treasury Department and the IRS released a notice requesting comments on a number of possible U.S. federal income tax treatments for "prepaid forward contracts" and similar instruments. While it is not entirely clear whether instruments such as the Securities

would be viewed as similar to the typical prepaid forward contract described in the notice, it is also possible that any Treasury regulations or other guidance promulgated following consideration of these issues could require withholding with respect to Coupon payments to Non-U.S. Holders as described above. Accordingly, Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income tax consequences of an investment in the Securities, including possible alternative treatments and the potential relevance of the December 7, 2007 notice.

***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with payments on the Securities as well as in connection with the proceeds from a sale, exchange or other disposition of the Securities. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. Compliance with the certification procedures described under “— General — Certification Requirement” will also satisfy the certification requirements necessary to avoid backup withholding. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder’s U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is furnished to the IRS.

## **BENEFIT PLAN CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended, or ERISA, and Section 4975 of the Internal Revenue Code of 1986, or the Code, impose certain requirements on (a) employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (b) plans or other arrangements described in Section 4975(e)(1) of the Code subject to Section 4975 of the Code, (c) entities whose underlying assets include “plan assets” by reason of any such plan’s or arrangement’s investment in the entity (we refer to the foregoing collectively as Plans) and (d) persons who are fiduciaries with respect to Plans. In addition, although governmental plans and certain church plans are not subject to Section 406 of ERISA or Section 4975 of the Code, certain governmental plans may be subject to other laws that are substantially similar to those provisions (“Similar Law”).

In addition to ERISA’s general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (we refer to the foregoing collectively as “parties in interest”), unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Issuer, its current and future affiliates, including Fortis Securities LLC, and the Calculation Agent may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in securities should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the Securities may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Issuer and an investing Plan which would be prohibited if the Issuer is a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase securities, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). There can be no assurance that any of these class exemptions (or any other exemption) will be available with respect to transactions involving the securities.

Each purchaser or holder of a security, and each fiduciary who causes any entity to purchase or hold a security, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such securities, that either (i) it is neither a Plan nor a governmental plan subject to Similar Law; or (ii) its purchase, holding and subsequent disposition of such securities shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law by reason of PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or a similar exemption from a Similar Law prohibition.

Fiduciaries of any Plans (and any governmental plans subject to Similar Law) should consult their own legal counsel before purchasing the securities. Please also refer to the portions of the Offering Circular addressing ERISA matters.

Nothing herein shall be construed as a representation that an investment in the securities would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans generally or any particular Plan.

## **SELLING RESTRICTIONS TO NON-U.S. INVESTORS**

You should read the accompanying Offering Circular dated July 30, 2007. In addition, the following selling restrictions shall apply to potential Non-U.S. Investors in the following countries:

Brazil – The Securities have not been and will not be registered with the Comissao de Calores Mobiliarios (The Brazilian Securities Commission). The Securities may not be offered or sold in the Federal Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

Mexico – The Securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This Pricing Supplement and the accompanying Offering Circular may not be publicly distributed in Mexico.

Argentina – No authorization before the Argentine Comision Nacional de Valores to publicly offer the Securities in Argentina was requested. Therefore the Securities may not be publicly offered or sold in Argentina.