

## Information Memorandum



### **A\$2,000,000,000** **Australian Domestic Debt Issuance Programme**

Issuer

**Hyundai Capital Services, Inc.**

*(incorporated with limited liability under the laws of the Republic of Korea)*

Arranger

**HSBC**

Dealers

**Australia and New Zealand Banking Group Limited**

**HSBC**

**UBS Investment Bank**

The date of this Information Memorandum is 4 November 2010.

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# Important Notice

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## Introduction

This Information Memorandum relates to a debt issuance programme (“**Programme**”) established by Hyundai Capital Services, Inc. (“**Issuer**” or “**HCS**”), a company incorporated with limited liability under the laws of the Republic of Korea (“**Korea**”), under which medium term notes and other debt securities (collectively referred to as “**Debt Instruments**”) may, from time to time, be issued up to the Programme Amount (as defined in the section entitled “Summary of the Programme” below).

## Issuer’s responsibility

This Information Memorandum has been prepared by, and issued with the authority of, the Issuer.

The Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Arranger, the Dealers and the Agents (each as defined in the section entitled “Summary of the Programme” below) in relation to their respective descriptions in the section entitled “Directory” below.

## Place of issuance

Subject to applicable laws, regulations and directives, the Issuer may issue Debt Instruments under the Programme in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Debt Instruments are registered under the United States Securities Act of 1933 (as amended) (“**Securities Act**”) or an exemption from the registration requirements is available.

## Terms and conditions of issue

Debt Instruments will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest).

Each issue of Debt Instruments will be made pursuant to such documentation as the Issuer may determine. A pricing supplement and/or another supplement to this Information Memorandum (each a “**Pricing Supplement**”) will be issued for each Tranche or Series of Debt Instruments. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest (if any) payable together with any other terms and conditions not set out in this Information Memorandum that may be applicable to that Tranche or Series of Debt Instruments. The terms and conditions (“**Conditions**”) applicable to the Debt Instruments are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Debt Instruments.

The Issuer may also publish a supplement to this Information Memorandum (or additional Information Memoranda) which describes the issue of Debt Instruments (or particular classes of Debt Instruments) not otherwise described in this Information Memorandum. A Pricing Supplement may also supplement, amend, modify or replace any statement or information set out in this Information Memorandum.

## Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents, including where such documents are published or issued from time to time after the date of this Information Memorandum, are incorporated in, and taken to form part of, this Information Memorandum:

- the most recently published audited non-consolidated and (if applicable) consolidated annual financial statements of the Issuer and the most recently published interim financial statements of the Issuer;
- each Pricing Supplement and all documents stated therein to be incorporated in this Information Memorandum; and
- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time and all other documents issued by the Issuer and stated to be incorporated in this Information Memorandum by reference.

Any statement contained in this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication).

Except as provided above, no other information, including any information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Copies of documents which are incorporated by reference in this Information Memorandum may be obtained from the offices of the Issuer or from such other person specified in a Pricing Supplement.

Investors should review, amongst other things, the documents which are incorporated by reference in this Information Memorandum when deciding whether or not to subscribe for, purchase or otherwise deal in any Debt Instruments or any rights in respect of any Debt Instruments.

#### **References to internet site addresses**

Any internet site addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference in, and does not form part of, this Information Memorandum.

#### **No independent verification**

The only role of the Arranger, the Dealers and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective descriptions in the section entitled "Directory" below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Arranger, the Dealers or the Agents has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Programme.

The Arranger, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer or any of its affiliates at any time or to advise any holder of a Debt Instrument of any information coming to their attention with respect to the Issuer.

#### **Intending purchasers to make independent investment decision and obtain tax advice**

This Information Memorandum contains only summary information concerning the Debt Instruments. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Debt Instruments and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those

things) by any of the Issuer, the Arranger, the Dealers or any Agent that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Debt Instruments or any rights in respect of any Debt Instruments.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Debt Instruments or any rights in respect of any Debt Instruments should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Debt Instruments or rights in respect of them and each investor is advised to consult its own professional adviser.

#### **No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealers or the Agents to any person to subscribe for, purchase or otherwise deal in any Debt Instruments or any rights in respect of any Debt Instruments.

#### **Selling restrictions and no disclosure**

Neither this Information Memorandum nor any other disclosure document in relation to the Debt Instruments has been, or will be, lodged with the Australian Securities and Investment Commission (“**ASIC**”). No action has been taken which would permit an offering of the Debt Instruments in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia (“**Corporations Act**”).

The Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act. The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Debt Instruments may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of the Debt Instruments, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Debt Instruments see the section entitled “Selling Restrictions” below.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for, purchase or otherwise deal in any Debt Instruments, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Debt Instruments, except if the offer or invitation, or distribution or publication, complies with all applicable laws, regulations and directives.

#### **No registration in the United States**

The Debt Instruments have not been, and will not be, registered under the Securities Act. The Debt Instruments may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

## **No authorisation**

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Programme or the issue or sale of the Debt Instruments and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, the Arranger, the Dealers or any of the Agents.

## **Agency and distribution arrangements**

The Issuer has agreed to pay fees to the Agents for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Programme.

The Issuer may also pay a Dealer a fee in respect of the Debt Instruments subscribed by it, may agree to reimburse the Dealers for certain expenses incurred in connection with this Programme and may indemnify the Dealers against certain liabilities in connection with the offer and sale of Debt Instruments.

The Issuer, the Arranger, the Dealers and the Agents, and their respective related entities, directors, officers and employees may have pecuniary or other interests in the Debt Instruments and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Debt Instruments.

## **References to credit ratings**

There are references in this Information Memorandum to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation.

## **Currencies**

In this Information Memorandum, references to “**A\$**” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia, references to “**KRW**”, “**Won**” or “**Korean Won**” are to the lawful currency of Korea and references to “**US\$**” or “**US dollars**” are to the lawful currency of the United States of America.

## **Currency of information**

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Programme is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is not under any obligation to any person to update this Information Memorandum at any time after an issue of Debt Instruments.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to annual reports and any financial statements incorporated by reference in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

## Summary of the Programme

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*The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Debt Instruments, the applicable Conditions and any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Debt Instruments.*

**Issuer:** Hyundai Capital Services, Inc. ("**Issuer**" or "**HCS**"), a company incorporated with limited liability under the laws of Korea.

**Programme description:** A non-underwritten debt issuance programme under which, subject to applicable laws, regulations and directives, the Issuer may elect to issue medium term notes and other debt securities (collectively referred to as "**Debt Instruments**") in the Australian domestic capital market in registered uncertificated form.

Subject to all applicable laws, regulations and directives, the Issuer may issue Debt Instruments in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Debt Instruments are registered under the Securities Act or an exemption from the registration requirements is available.

**Programme Amount:** A\$2,000,000,000 (or its equivalent in other currencies and as that amount may be increased from time to time).

**Programme Term:** The term of the Programme continues until terminated by the Issuer giving 30 days notice to the Dealers then appointed to the Programme generally or earlier by agreement between all parties to the Dealer Agreement dated 4 November 2010 ("**Dealer Agreement**").

**Arranger:** The Hongkong and Shanghai Banking Corporation Limited.

**Dealers:** Australia and New Zealand Banking Group Limited  
The Hongkong and Shanghai Banking Corporation Limited  
UBS AG, Australia Branch.

*Contact details and particulars of the Australian Business Number and Australian financial services licence number for the Arranger and each of the above named Dealers are set out in the in the section entitled "Directory" below.*

Additional Dealers may be appointed by the Issuer from time to time for a specific Tranche or Series of Debt Instruments only or to the Programme generally.

**Registrar:** Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by the Issuer to perform registry functions and establish and maintain a Register (as defined below) in Australia on the Issuer's behalf from time to time ("**Registrar**"). Details of additional appointments in respect of a Tranche or Series will be notified in the relevant Pricing Supplement.

**Issue and Paying Agent:** Citigroup Pty Limited (ABN 88 004 325 080) and/or any other person appointed by the Issuer to act as issuing agent or paying agent on the Issuer's behalf from time to time in Australia in respect of a Tranche or Series ("**Issue and Paying Agent**") as will be notified in the relevant Pricing Supplement.

Calculation Agents:	If a Calculation Agent is required for the purpose of calculating any amount or making any determination under a Debt Instrument, such appointment will be notified in the relevant Pricing Supplement. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed, the calculation of interest, principal and other payments in respect of the relevant Debt Instruments will be made by the Issuer.
Agents:	Each Registrar, Issue and Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Tranche or Series of Debt Instruments (details of such appointment may be set out in the relevant Pricing Supplement).
Form of Debt Instruments:	Debt Instruments will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by, and owing under, the Debt Instrument Deed Poll dated 4 November 2010, as amended or supplemented from time to time, or such other deed poll executed by the Issuer as may be specified in an applicable Pricing Supplement (each a " <b>Deed Poll</b> ").  Debt Instruments take the form of entries in a register (" <b>Register</b> ") maintained by the Registrar.
Status and ranking:	Debt Instruments are direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 ("Certain covenants")) unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (except for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Covenants:	Debt Instruments will include certain covenants as set out in Condition 5 ("Certain covenants").
Issuance in Series:	Debt Instruments will be issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest). The Debt Instruments of each Tranche of a Series are intended to be fungible with the other Tranches of Debt Instruments of that Series.
Maturities:	Subject to all applicable laws, regulations and directives, Debt Instruments may have any maturity as may be specified in the applicable Pricing Supplement or as may be agreed between the Issuer and the relevant purchasing Dealer.
Currencies:	Subject to all applicable laws, regulations and directives, Debt Instruments will be denominated in Australian dollars or such other currencies (other than Korean Won) as may be specified in the relevant Pricing Supplement.
Issue Price:	Debt Instruments may be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.
Interest:	Debt Instruments may or may not bear interest. Interest (if any) may be at a fixed, floating or other variable rate and may vary during the lifetime of the relevant Series.

Denominations: Subject to all applicable laws, regulations and directives, Debt Instruments will be issued in such denominations as may be specified in the relevant Pricing Supplement, which will be not less than US\$100,000 or its equivalent in other currencies.

Clearing Systems: Debt Instruments may be transacted either within or outside any Clearing System (as defined below).

The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) ("**Austraclear**") for approval for Debt Instruments to be traded on the clearing and settlement system operated by it ("**Austraclear System**"). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Debt Instruments.

Alternatively, the Issuer may apply to Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other clearing system outside Australia specified in the relevant Pricing Supplement (the Austraclear System, Euroclear, Clearstream, Luxembourg and any other clearing system so specified, each a "**Clearing System**") for approval for Debt Instruments to be traded on the clearing and settlement system operated by that Clearing System.

Interest in Debt Instruments traded in the Austraclear System may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Debt Instruments in Euroclear would be held in the Austraclear System by a nominee of Euroclear while entitlements in respect of holdings of interests in Debt Instruments in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg.

The rights of a holder of interests in a Debt Instrument held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Debt Instrument, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration summarised in the section headed "Transfer procedure" below.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Payments to persons who hold Debt Instruments through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Debt Instruments entered in a Clearing System will be redeemed through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.

Title: Entry of the name of the person in the Register in respect of a Debt Instrument in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Debt Instrument subject to correction for fraud or proven error.

Title to Debt Instruments which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant

Clearing System.

Debt Instruments which are held in the Austraclear System will be registered in the name of Austraclear.

No certificates in respect of any Debt Instruments will be issued unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law, regulation or directive.

Title to other Debt Instruments will depend on the form of those Debt Instruments as specified in the relevant Pricing Supplement.

Other Debt Instruments: The Issuer may from time to time issue Debt Instruments in a form not specifically contemplated in this Information Memorandum. Terms applicable to any other type of Debt Instrument that the Issuer and any relevant Dealer(s) or other investor(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement or other supplement to this Information Memorandum.

Redemption: Debt Instruments may be redeemed prior to scheduled maturity as more fully set out in the Conditions and the relevant Pricing Supplement.

Selling restrictions: The offer, sale and delivery of Debt Instruments and the distribution of this Information Memorandum and other material in relation to any Debt Instruments are subject to such restrictions as may apply in any country in connection with the offer and sale of a particular Tranche or Series of Debt Instruments.

In particular, restrictions on the offer, sale or delivery of Debt Instruments in Australia, Korea, the United Kingdom, the United States of America, Hong Kong, Japan, Singapore and the European Economic Area are set out in the section entitled "Selling Restrictions" below.

Restrictions on the offer, sale and/or distribution of Debt Instruments may also be set out in the relevant Pricing Supplement.

Transfer procedure: Debt Instruments may only be transferred in whole.

Unless otherwise specified in an applicable Pricing Supplement, Debt Instruments may only be transferred if:

- (a) in the case of Debt Instruments to be transferred in, or into, Australia:
  - (i) the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee) or does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
  - (ii) the transfer is not to a "retail client" for the purposes of section 761G of the Corporations Act; and
- (b) at all times, the transfer complies with all applicable laws, regulations and directives of the jurisdiction where the transfer takes place.

Transfers of Debt Instruments held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Debt Instruments may also be set out in the relevant Pricing Supplement.

**Stamp duty:** Any stamp duty incurred at the time of issue of the Debt Instruments will be for the account of the Issuer. Any stamp duty incurred on a transfer of Debt Instruments will be for the account of the relevant investors.

As at the date of this Information Memorandum, no Australian stamp duty is payable on the issue, transfer or redemption of the Debt Instruments. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of Debt Instruments, or interests in Debt Instruments, in any jurisdiction.

**Taxes:** A brief overview of the Australian and Korean taxation treatment of payments of interest on Debt Instruments is set out in the section entitled "Taxation" below. However, investors should obtain their own taxation advice regarding the taxation status of investing in any Debt Instruments.

**Listing:** An application may be made for the Issuer to be admitted to the official list of, and/or Debt Instruments of a particular Series to be quoted on, the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX**") or on any other stock or securities exchange (in accordance with applicable laws, regulations and directives).

Any Debt Instruments which are quoted on the ASX will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System (CHESS) operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

The applicable Pricing Supplement in respect of the issue of any Tranche of Debt Instruments will specify whether or not such Debt Instruments will be listed, quoted and/or traded on any stock or securities exchange.

**Governing law:** The Debt Instruments and all related documentation will be governed by the laws of New South Wales, Australia.

**Use of proceeds:** The net proceeds from each issue of Debt Instruments will be used by the Issuer for its general operations.

**Credit rating:** Debt Instruments to be issued under the Programme may be rated.

**A credit rating is not a recommendation to buy, sell or hold Debt Instruments and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.**

*Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.*

**Investors to obtain independent advice with respect to** This Information Memorandum does not describe the risks of an investment in any Debt Instruments. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an

investment and other risks:

investment in any Debt Instruments and the suitability of investing in the Debt Instruments in light of their particular circumstances.

## Description of the Issuer

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### Overview

The Issuer is a joint venture between Hyundai Motor Company (“**HMC**”) and General Electric Capital Corporation (“**GECC**”) and is a leading financial services company in Korea. As of December 31, 2009, HMC and GECC owned 56.48% and 43.30% of the Issuer’s outstanding shares, respectively.

The Issuer’s principal business areas are as follows:

- *Automotive Finance*: the Issuer provides automotive financing to purchasers of new and used vehicles, arranged as either installment financing or loans;
- *Automotive Leasing*: the Issuer provides automotive leasing to individual and corporate customers, including maintenance and accident management services and arrangement of third-party automobile insurance; and
- *Personal Loans*: the Issuer provides unsecured and unguaranteed personal loans and mortgage loans to individuals and small business owners. The Issuer utilizes its extensive distribution channels to cross-sell its personal loan and mortgage loan products to its existing automotive financing and automotive leasing customers.

The Issuer derives significant benefits from its relationships with its principal shareholders. As the primary financing arm of HMC, the largest automotive manufacturer in Korea, and Kia Motors Corporation, the Issuer held the largest share of the Korean automotive financing and automotive lease markets based on sales volume for the year ended December 31, 2009. The Issuer’s joint venture with GECC, a global leader in consumer finance, has contributed to an improvement in the Issuer’s capital structure, resulted in lower funding costs and enhanced financial stability, including a higher capital adequacy ratio. GECC has also provided advanced technical and operational support and, in particular, has been instrumental in the Issuer’s adoption of more rigorous and effective credit risk management practices and the development and management of the Issuer’s personal loan and fleet leasing businesses.

### History

The Issuer was incorporated in December 1993 as Hyundai Auto Finance Co., Ltd. The Issuer subsequently changed its trade name to Hyundai Financial Services Co. in April 1995. In January 1996, the Issuer was licensed as an installment financing company by the Ministry of Strategy and Finance of Korea.

Shortly thereafter, the Issuer commenced its housing and automotive installment financing businesses and began providing automotive financing to purchasers of new HMC vehicles and used vehicles.

In October 2004, the Issuer and HMC entered into a strategic alliance with GECC whereby GECC, through its wholly-owned subsidiary, General Electric Capital International Holdings Limited, acquired a 38.0% equity interest in the Issuer. In November 2005, GECC increased its equity interest in the Issuer to 43.0%. In conjunction with its initial share acquisition, GECC also transferred the consumer finance (excluding mortgage loan business) and used vehicle installment financing businesses of its subsidiary, GE Capital Korea, Ltd. (“**GECK**”), to the Issuer. Since forming the strategic alliance with GECC, the Issuer has launched joint products with GECC. In June 2006, the Issuer purchased GECK’s mortgage loan business pursuant to an asset sale agreement under which GECK agreed to continue ownership and management of the balance of mortgage outstanding at the time the sale was consummated and the Issuer agreed to own and manage all new mortgages thereafter. Subsequently, in September 2007, the Issuer acquired KRW150.0 billion of non-mortgage assets from GECK in a direct loan purchase and also purchased KRW156.0 billion of mortgage-backed assets securitized by mortgage assets of GECK.

In February 2010, the Issuer and Santander Consumer Bank AG entered into a joint venture to create Hyundai Capital Germany GmbH (“**Hyundai Capital Germany**”). The Issuer believes that Hyundai

Capital Germany will strengthen KMC's auto financing presence in the German market, which is a key growth area for KMC. The joint venture also aims to support the Issuer's initiatives to grow auto financing activities in Western Europe over the long term.

# Conditions of the Debt Instruments

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*The following are the conditions which, as supplemented, amended, modified or replaced by the applicable Pricing Supplement, apply to each Debt Instrument constituted by the Deed Poll (“Conditions”). References to the “Pricing Supplement” in these conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Series of Debt Instruments.*

## Part 1 Introduction

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### 1 Interpretation

#### 1.1 Definitions

In these Conditions the following expressions have the following meanings:

**Additional Amount** means an additional amount payable by the Issuer under Condition 14.2 (“Withholding tax”);

**Agency Agreement** means:

- (a) the agreement entitled “Agency and Registry Services Agreement” and dated 4 November 2010 between the Issuer and Citigroup Pty Limited (ABN 88 004 325 080);
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Debt Instruments; and/or
- (c) any other agency agreement between the Issuer and an Agent in connection with any issue of Debt Instruments;

**Agent** means each of the Registrar, the Issue and Paying Agent, the Calculation Agent and any additional agent appointed under an Agency Agreement, or any of them as the context requires;

**Amortised Face Amount** means, in respect of a Zero Coupon Debt Instrument, an amount equal to the sum of:

- (a) the Reference Price specified in the Pricing Supplement; and
- (b) the amount resulting from the application of the Accrual Yield specified in the Pricing Supplement (compounded annually) to the Reference Price from (and including) the Issue Date to (but excluding) the later of:
  - (i) the date fixed for redemption or (as the case may be) the earlier date the Debt Instrument becomes due and repayable; and
  - (ii) the date on which payment is made to Holders under Condition 11.9 (“Late payment”),

as further adjusted, if applicable, in the manner specified in the Pricing Supplement;

If the calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of the Day Count Fraction specified in the Pricing Supplement;

**Attributable Debt** means, in respect of any Sale and Leaseback Transaction, the lesser of:

- (a) the fair market value of the property or other assets subject to such transaction; and
- (b) the present value (discounted at a rate per annum equally to the discount rate of a capital lease obligation with a like term in accordance with Korean GAAP) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents) during the term of the lease;

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear Regulations** means the regulations known as the “Austraclear Regulations”, together with any instructions or directions, (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

**Austraclear System** means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

**Business Day** means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney, Seoul, New York and London and:

- (a) any Relevant Financial Centre specified in the Pricing Supplement; and
- (b) if a Debt Instrument to be held in a Clearing System is to be issued or a payment is to be made in respect of a Debt Instrument held in any Clearing System on that day, a day on which each applicable Clearing System in which the relevant Debt Instrument is lodged is operating;

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Debt Instrument, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
  - (i) that date is brought forward to the first preceding day that is a Business Day; and
  - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and

- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates;

**Calculation Agent** means, in respect of a Debt Instrument, any person appointed by the Issuer under an Agency Agreement and specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions;

**Clearing System** means:

- (a) the Austraclear System; or
- (b) any other clearing system outside Australia specified in the Pricing Supplement;

**Conditions** means, in respect of a Debt Instrument, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Debt Instrument and references to a particular numbered Condition shall be construed accordingly;

**Consolidated Net Tangible Assets** means the total amount of assets of the Issuer and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom:

- (a) all current liabilities (excluding any current liabilities constituting Long Term Debt by reason of their being renewable or extendible); and
- (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets,

all as set forth on the most recent audited annual balance sheet of the Issuer and its consolidated Subsidiaries and computed in accordance with Korean GAAP;

**Day Count Fraction** means, in respect of the calculation of interest on a Debt Instrument for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year; and
- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods in any year; and
- (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year;

- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
- (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “**30E/360**” or “**Eurobond basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date, or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year; and

- (i) any other day count fraction specified in the Pricing Supplement;

**Debt Instrument** means each form of bond, note, debt security, debt instrument or debt obligation specified in an applicable Pricing Supplement and issued or to be issued by the Issuer which is constituted by, and owing under, the Deed Poll and the details of which are recorded in, and evidenced by entry in, the Register. References to any particular type of “Debt Instrument” or “Debt Instruments” shall be read and construed accordingly. All references to Debt Instruments must, unless the context otherwise requires, be read and construed as references to the Debt Instruments of a particular Series;

**Deed Poll** means:

- (a) the deed poll entitled “Debt Instrument Deed Poll” and dated 4 November 2010; and
- (b) such other deed poll that supplements, amends, restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

in each case, executed by the Issuer;

**Denomination** means the notional face value of a Debt Instrument specified in the Pricing Supplement;

**Early Redemption Amount** means the early redemption amount specified in, or determined in accordance with, the Pricing Supplement;

**Event of Default** means an event so described in Condition 16.1 (“Events of Default”);

**External Indebtedness** means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the lawful currency of Korea and which has a final maturity of one year or more from its date of incurrence or issuance;

**Extraordinary Resolution** has the meaning given in the Meetings Provisions;

**Fixed Rate Debt Instrument** means a Debt Instrument on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the Pricing Supplement;

**Floating Rate Debt Instrument** means a Debt Instrument on which interest is calculated at a floating rate payable monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the Pricing Supplement;

**Holder** means, in respect of a Debt Instrument, each person whose name is entered in the Register as the holder of that Debt Instrument.

*For the avoidance of doubt, where a Debt Instrument is held in a Clearing System, references to a Holder include the operator of that system or a nominee for that operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Systems);*

**Index Linked Debt Instrument** means a Debt Instrument in respect of which the amount payable in respect of interest is calculated by reference to an index or a formula (other than any index or formula relating to equity securities) or both as specified in the Pricing Supplement;

**Index Linked Redemption Debt Instrument** means a Debt Instrument in respect of which the amount payable in respect of principal is calculated by reference to an index or a formula (other than any index or formula relating to equity securities) or both as specified in the Pricing Supplement;

**Information Memorandum** means, in respect of a Debt Instrument:

- (a) the Information Memorandum dated 4 November 2010 or the then latest information memorandum which replaces that document; or
- (b) the information memorandum or other offering document referred to in the Pricing Supplement,

in each case prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of that Debt Instrument and all documents incorporated by reference in it, including any applicable Pricing Supplement and any other applicable amendments or supplements to it;

**Instalment Amounts** has the meaning given in the Pricing Supplement;

**Instalment Date** has the meaning given in the Pricing Supplement;

**Instalment Debt Instrument** means a Debt Instrument which is redeemable in one or more instalments, as specified in the Pricing Supplement;

**Interest Commencement Date** means, in respect of a Debt Instrument, the Issue Date of the Debt Instrument or any other date so specified in the Pricing Supplement;

**Interest Determination Date** means each date so specified in, or determined in accordance with, the Pricing Supplement;

**Interest Payment Date** means each date so specified in, or determined in accordance with, the Pricing Supplement (and adjusted, if necessary, in accordance with the applicable Business Day Convention so specified in the Pricing Supplement);

**Interest Period** means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date;

**Interest Rate** means, in respect of a Debt Instrument, the interest rate (expressed as a percentage per annum) payable in respect of that Debt Instrument specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Debt Instruments of the relevant Series);

**Issue and Paying Agent** means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); and/or
- (b) any other person appointed by the Issuer under an Agency Agreement and specified in the relevant Pricing Supplement to perform issue and paying agency functions on the Issuer's behalf with respect to a Series or Tranche of Debt Instruments;

**Issue Date** means, in respect of a Debt Instrument, the date on which the Debt Instrument is, or is to be issued, and as may be specified, or determined, in accordance with, the Pricing Supplement;

**Issue Price** means the price as set out in the Pricing Supplement;

**Issuer** means Hyundai Capital Services, Inc.;

**Korea** means the Republic of Korea;

**Korean GAAP** means generally accepted accounting principles in Korea, consistently applied;

**Lien** means any mortgage, charge, pledge, encumbrance or other security interest;

**Long Term Debt** means any note, bond, debenture or other similar evidence of indebtedness of money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such evidence on indebtedness was incurred;

**Margin** means the margin specified in, or determined in accordance with, the Pricing Supplement;

**Maturity Date** means, in respect of a Debt Instrument, the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Debt Instrument is to be redeemed (and adjusted, if necessary, in accordance with the applicable Business Day Convention so specified in the Pricing Supplement);

**Meetings Provisions** means the provisions relating to meetings of Holders and set out as a schedule to the Deed Poll;

**Partly Paid Debt Instrument** means a Debt Instrument in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments;

**Pricing Supplement** means, in respect of a Tranche, the supplement specifying the relevant issue details in relation to that Tranche and which may be substantially in the form set out in the Information Memorandum, duly completed and signed by the Issuer;

**Programme** means the Issuer's uncommitted programme for the issuance of Debt Instruments described in the Information Memorandum;

**Record Date** means the close of business in the place where the Register is maintained on the date which is seven days before the payment date or any other date so specified in the Pricing Supplement;

**Redemption Amount** means:

- (a) for a Debt Instrument (other than a Zero Coupon Debt Instrument), the outstanding principal amount as at the date of redemption;
- (b) for a Zero Coupon Debt Instrument, the Amortised Face Amount calculated as at the date of redemption,

and also includes any final instalment and any other amount in the nature of a redemption amount specified in, or determined in accordance with, the Pricing Supplement or these Conditions;

**Redemption Date** means, in respect of a Debt Instrument, such date on which the Debt Instrument is redeemed prior to its Maturity Date in accordance with these Conditions;

**Reference Banks** means the institutions so described in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**Reference Rate** means the rate specified in, or determined in accordance with, the Pricing Supplement;

**Register** means the principal register, including any branch register, of Holders of Debt Instruments established and maintained by the Issuer or by a Registrar on its behalf under an Agency Agreement;

**Registrar** means:

- (a) Citigroup Pty Limited (ABN 88 004 325 080); and/or
- (b) any other person appointed by the Issuer under a relevant Agency Agreement to establish and maintain the Register in respect of a Tranche of Debt Instruments on the Issuer's behalf from time to time;

**Regular Period** means:

- (a) in the case of Debt Instruments where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Debt Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Debt Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**Related Entity** has the meaning given in the Corporations Act as though it applied to the Issuer *mutatis mutandis*;

**Relevant Financial Centre** means Sydney or any other centre specified in the Pricing Supplement;

**Relevant Screen Page** means:

- (a) the page, section or other part of a particular information service specified as the Relevant Screen Page in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Tax Jurisdiction** means Australia or Korea or, in either case, any political subdivision thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Debt Instruments;

**Relevant Time** has the meaning given in the Pricing Supplement;

**Restricted Property** means any asset or property located in Korea, whether owned at the Issue Date or thereafter acquired, other than any such asset or property, or portion thereof, reasonably determined by the Issuer’s board of directors not to be of material importance to the total business conducted by the Issuer and its Subsidiaries as a whole;

**Restricted Subsidiary** means any Subsidiary of the Issuer that owns Restricted Property;

**Sale and Leaseback Transaction** means any arrangement with any person which provides for the leasing by the Issuer or any Restricted Subsidiary, for an initial term of three years or more, of any Restricted Property, whether now owned or hereafter acquired, which is to be sold or transferred by the Issuer or any Restricted Subsidiary after the date of the issuance of the Debt Instruments to such person for a sale price of US\$1,000,000 (or the equivalent thereof in any other currency) or more where the rental payments are denominated in a currency other than the lawful currency of Korea;

**Security Record** has the meaning given in the Austraclear Regulations;

**Series** means an issue of Debt Instruments made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Price, Issue

Date and Interest Commencement Date may be different in respect of a different Tranche of a Series;

**Specified Office** means the office specified in the Information Memorandum or any other address notified to Holders from time to time;

**Structured Debt Instrument** means:

- (a) an Index Linked Debt Instrument;
- (b) an Index Linked Redemption Debt Instrument; or
- (c) an Instalment Debt Instrument;

**Subsidiary** means, in respect of a company or corporation, any company, corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the first-mentioned company or corporation;

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Holder;

**Tranche** means an issue of Debt Instruments specified as such in the Pricing Supplement issued on the same Issue Date and on the same Conditions; and

**Zero Coupon Debt Instrument** means a Debt Instrument which does not carry entitlement to periodic payment of interest before the redemption date of the Debt Instrument and which is issued at a discount to its principal amount.

## 1.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) a document (including these Conditions) includes any variation or replacement of it;
- (c) “**law**” means common law, principles of equity and laws made by any parliament (and laws made by parliament include federal, state or territory laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (d) a “**directive**” means a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (e) the “**Corporations Act**” is to the Corporations Act 2001 of Australia;
- (f) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (g) “**KRW**”, “**Won**” or “**Korean Won**” is a reference to the lawful currency of the Republic of Korea;
- (h) “**US dollars**” or “**US\$**” is a reference to the lawful currency of the United States of America;

- (i) a time of day is a reference to Sydney time;
- (j) the word “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (k) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (l) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (m) anything (including any amount) is a reference to the whole and each part of it; and
- (n) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

### **1.3 References to particular terms**

Unless the contrary intention appears, in these Conditions:

- (a) a reference to the Registrar, the Calculation Agent or another Agent is a reference to the person so specified in the Pricing Supplement;
- (b) a reference to a Deed Poll or an Agency Agreement is a reference to the Deed Poll or Agency Agreement applicable to the Debt Instruments of the relevant Series;
- (c) a reference to a Debt Instrument is a reference to a Debt Instrument of a particular Series specified in the Pricing Supplement;
- (d) a reference to a Holder is a reference to the holder of Debt Instruments of a particular Series;
- (e) if the Debt Instruments are Zero Coupon Debt Instruments or Structured Debt Instruments which do not bear interest, references to interest are not applicable; and
- (f) a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention.

### **1.4 References to principal and interest**

Unless the contrary intention appears, in these Conditions:

- (a) any reference to “principal” is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (“Taxation”), any premium payable in respect of a Debt Instrument, and any other amount in the nature of principal payable in respect of the Debt Instruments under these Conditions;
- (b) the principal amount of a Debt Instrument issued at a discount is to be taken as at any time to equal the lesser of:
  - (i) its Denomination; and
  - (ii) if specified in the Pricing Supplement, its Amortised Face Amount at that time;

- (c) the principal amount of a Debt Instrument which is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with these Conditions) is to be taken as at any time to equal its varied amount;
- (d) the principal amount of a Partly Paid Debt Instrument is to be taken to equal its paid up principal amount;
- (e) the principal amount of an Instalment Debt Instrument at any time is to be taken to be its Denomination less the total instalments repaid to the extent that such instalments relate to a repayment of principal; and
- (f) any reference to "interest" is taken to include any Additional Amounts and any other amount in the nature of interest payable in respect of the Debt Instruments under these Conditions.

### **1.5 Number**

The singular includes the plural and vice versa.

### **1.6 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

### **1.7 Terms defined in Pricing Supplement**

Terms which are defined in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the defined term is "Not applicable", then that defined term is not applicable to the Debt Instruments.

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## **2 Introduction**

### **2.1 Programme**

Debt Instruments are issued under the Programme.

### **2.2 Pricing Supplement**

Debt Instruments are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than in respect of the Issue Price and first payment of interest). A Tranche is the subject of a Pricing Supplement which supplements, amends, modifies or replaces these Conditions. If there is any inconsistency between these Conditions and the Pricing Supplement, the Pricing Supplement prevails.

Copies of the Pricing Supplement are available for inspection or on request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar.

### **2.3 Types of Debt Instruments**

A Debt Instrument is either:

- (a) a Fixed Rate Debt Instrument;
- (b) a Floating Rate Debt Instrument;
- (c) a Zero Coupon Debt Instrument; or

(d) a Structured Debt Instrument,

or a combination of the above (or any other type of debt obligation, including a certificate of deposit), as specified in the Pricing Supplement.

## **2.4 Issue restrictions**

Unless otherwise specified in the Pricing Supplement, Debt Instruments may only be offered (directly or indirectly) for issue, or applications invited for the issue of Debt Instruments, if:

- (a) where the offer or invitation is made in, or into, Australia:
  - (i) the aggregate consideration payable to the Issuer by the relevant subscriber is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the Issuer or its associates to the subscriber) or the offer or invitation (including any resulting issue) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
  - (ii) the offer or invitation (including any resulting issue) does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
- (b) at all times, the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

## **2.5 Denomination**

Debt Instruments are issued in such Denominations as specified in the Pricing Supplement.

## **2.6 Currency**

Subject to compliance with all applicable legal and regulatory requirements, Debt Instruments may be denominated in Australian dollars or such other freely transferable and freely available currency or currencies as specified in the Pricing Supplement.

## **2.7 Clearing Systems**

Debt Instruments may be held in a Clearing System, in which case the rights of a person holding an interest in the Debt Instruments lodged in the Clearing System are subject to the rules and regulations of the Clearing System.

## **Part 2 The Debt Instruments**

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### **3 Form**

#### **3.1 Constitution**

- (a) Debt Instruments are debt obligations of the Issuer constituted by, and owing under, the Deed Poll and the details of which are recorded in, and evidenced by entry in, the Register.
- (b) Holders of the Debt Instruments are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of, the Deed Poll.

#### **3.2 Form**

Debt Instruments are issued in registered uncertificated form by entry in the Register.

### **3.3 No certificates**

No certificates in respect of any Debt Instruments will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law or directive.

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## **4 Status and ranking**

Debt Instruments are direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (“Certain covenants”)) unsecured general obligations of the Issuer and rank *pari passu* among themselves and (except for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

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## **5 Certain covenants**

### **5.1 Interpretation**

- (a) For the purposes of Condition 5.2 (“Limitation on Liens”) and Condition 5.3 (“Limitation on Sale and Leaseback Transactions”), the giving of a guarantee which is secured by a Lien on a Restricted Property, and the creation of a Lien on a Restricted Property to secure External Indebtedness which existed prior to the creation of such Lien, shall be deemed to involve the creation of indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of indebtedness secured by Liens on Restricted Properties shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.
- (b) For the avoidance of any doubt, the establishment of any receivables financing facility or arrangement pursuant to which a special purpose vehicle (including any special purpose trust) purchases or otherwise acquires accounts receivable of the Issuer shall not be deemed to be affected by Condition 5.2 (“Limitation on Liens”) or Condition 5.3 (“Limitation on Sale and Leaseback Transactions”).

### **5.2 Limitation on Liens**

The Issuer will not itself, and will not permit any Restricted Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any Lien on any Restricted Property without in any such case effectively providing that the Debt Instruments (together with, if the Issuer shall so determine, any other indebtedness of the Issuer or such Restricted Subsidiary then existing or thereafter created) are secured equally and rateably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus Attributable Debt of the Issuer and its Restricted Subsidiaries in respect of Sale and Leaseback Transactions as described under Condition 5.3 (“Limitation on Sale and Leaseback Transactions”) below, in each case entered into after the date of the issuance of the Debt Instruments, would not exceed 10% of Consolidated Net Tangible Assets.

The foregoing restriction will not apply to External Indebtedness secured by any Lien:

- (a) existing on any Restricted Property prior to the acquisition thereof by the Issuer or any of its Restricted Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
- (b) on any Restricted Property securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Lien attaches to

such Restricted Property concurrently with or within twelve months after the acquisition thereof or completion or construction, improvement or repair thereof;

- (c) existing on any Restricted Property of any Restricted Subsidiary prior to the time such Restricted Subsidiary becomes a Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;
- (d) securing External Indebtedness owing to the Issuer or to a Subsidiary; or
- (e) arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Lien permitted by any of the foregoing clauses or existing at the date of the issuance of the Debt Instruments, provided that such External Indebtedness is not increased and is not secured by any additional Restricted Property.

### **5.3 Limitation on Sale and Leaseback Transactions**

The Issuer will not itself, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction after the date of the issuance of the Debt Instruments, unless:

- (a) the Attributable Debt of the Issuer and its Restricted Subsidiaries in respect thereof and in respect of all other Sale and Leaseback Transactions entered into after the date of the issuance of the Debt Instruments (other than transactions permitted by paragraph (b) below) plus the aggregate principal amount of External Indebtedness secured by Liens on Restricted Property then outstanding (excluding any such External Indebtedness secured by Liens described in paragraphs (a) through (e) under Condition 5.2 ("Limitation on Liens") above or existing at the date of the issuance of the Debt Instruments) without equally and rateably securing the Debt Instruments, would not exceed 10% of Consolidated Net Tangible Assets, or
- (b) the Issuer or a Restricted Subsidiary, within twelve months after such Sale and Leaseback Transaction, applies to the retirement of External Indebtedness, which is not subordinate to the Debt Instruments, of the Issuer or a Restricted Subsidiary an amount equal to the greater of:
  - (i) the net proceeds of the sale or transfer of the property or other assets which are the subject of such Sale and Leaseback Transaction; or
  - (ii) the fair market value of the Restricted Property so leased (in each case as determined by the Issuer),

provided that the amount to be so applied shall be reduced by:

- (iii) the principal amount of the Debt Instruments redeemed within twelve months after such Sale and Leaseback Transaction; and
- (iv) the principal amount of External Indebtedness of the Issuer or a Restricted Subsidiary, other than the Debt Instruments, voluntarily retired by the Issuer or a Restricted Subsidiary within twelve months after such Sale and Leaseback Transaction.

Notwithstanding the foregoing, no retirement referred to in this paragraph (b) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where the Issuer or any Restricted Subsidiary is the lessee in any Sale and Leaseback Transaction, Attributable Debt shall not include any External Indebtedness resulting from the guarantee by the Issuer or any other Restricted Subsidiary of the lessee's obligation thereunder.

The foregoing restriction shall not apply to any transaction between the Issuer and a Subsidiary or between a Restricted Subsidiary and a Subsidiary.

#### **5.4 Consolidation, merger and sale of assets**

The Issuer, without the consent of the Holders of any of the Debt Instruments, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each, for the purposes of this Condition 5.4, a “**transaction**”) to any corporation organised under the laws of Korea, provided that:

- (a) any successor corporation expressly assumes the Issuer’s obligations under the Debt Instruments, the Deed Poll and the Agency Agreement;
- (b) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;
- (c) such successor corporation has the benefit of a credit rating which, at the time and immediately after such transaction takes place, is not lesser than the credit rating of the Issuer; and
- (d) if, as a result of any such transaction, properties or assets of the Issuer or a Restricted Subsidiary would become subject to a Lien which would not be permitted under these Conditions, the Issuer or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Debt Instruments (together with, if the Issuer shall so determine, any other indebtedness of the Issuer or such Subsidiary then existing or thereafter created which is not subordinate to the Debt Instruments) equally and rateably with (or prior to) all indebtedness secured thereby.

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## **6 Title and transfer of Debt Instruments**

### **6.1 Title**

Title to Debt Instruments passes when details of the transfer are entered in the Register.

### **6.2 Effect of entries in Register**

Each entry in the Register in respect of a Debt Instrument constitutes:

- (a) an irrevocable undertaking by the Issuer to the Holder to:
  - (i) pay principal, any interest and any other amounts in accordance with these Conditions; and
  - (ii) otherwise to comply with the Conditions; and
- (b) an entitlement to the other benefits given to Holders under these Conditions in respect of the Debt Instrument.

### **6.3 Ownership and non-recognition of interests**

- (a) Entries in the Register in relation to a Debt Instrument constitute conclusive evidence that the person so entered is the absolute owner of such Debt Instrument subject to correction for fraud or proven error.
- (b) No notice of any trust or other interest in, or claim to, any Debt Instrument will be entered in a Register. Neither the Issuer nor the relevant Registrar need take notice of any trust or other interest in, or claim to, any Debt Instrument, except as ordered by

a court of competent jurisdiction or required by any applicable law or directive. This Condition 6.3(b) applies whether or not a Debt Instrument is overdue.

#### **6.4 Joint holders**

Where two or more persons are entered in the Register as the joint holders of a Debt Instrument then they are taken to hold the Debt Instrument as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Debt Instrument.

#### **6.5 Transfer**

Holders may only transfer Debt Instruments in accordance with these Conditions.

#### **6.6 Transfers in whole**

Debt Instruments may be transferred in whole but not in part.

#### **6.7 Conditions of transfer**

Debt Instruments may only be transferred if:

- (a) in the case of Debt Instruments to be transferred in, or into, Australia:
  - (i) the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the transferor or its associates to the transferee) or does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
  - (ii) the transfer is not to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
- (b) at all times, the transfer complies with all applicable laws and directives of the jurisdiction where the transfer takes place.

#### **6.8 Transfer procedures**

- (a) Interests in Debt Instruments held in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If a Debt Instrument is lodged in the Austraclear System, neither the Issuer nor the relevant Registrar will recognise any such interest other than the interest of Austraclear as the Holder while that Debt Instrument is lodged in the Austraclear System.
- (b) Application for the transfer of Debt Instruments not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office. Transfer forms must be in the form available from the Issuer (or such other person as may be specified in a Pricing Supplement) and:
  - (i) each transfer form must be:
    - (A) duly completed and stamped (if applicable);
    - (B) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
    - (C) signed by, or on behalf of, both the transferor and the transferee; and

- (ii) transfers will be registered without charge provided all applicable Taxes have been paid.

#### **6.9 Restrictions on transfers**

Transfers of Debt Instruments which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Debt Instrument is to occur during that period in accordance with these Conditions.

#### **6.10 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Debt Instrument and the transferee becomes so entitled in accordance with Condition 6.2 ("Effect of entries in Register").

#### **6.11 CHESS**

Debt Instruments which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

#### **6.12 Austraclear as Holder**

If Austraclear is recorded in the Register as the Holder, each person in whose Security Record a Debt Instrument is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

- (a) the Registrar's decision to act as the Registrar of that Debt Instrument is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Debt Instrument, but only indicates that the Registrar considers that the holding of the Debt Instrument is compatible with the performance by it of its obligations as Registrar under the Agency Agreement; and
- (b) the Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

#### **6.13 Estates**

A person becoming entitled to a Debt Instrument as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Debt Instrument or, if so entitled, become registered as the holder of the Debt Instrument.

#### **6.14 Unincorporated associations**

A transfer of a Debt Instrument to an unincorporated association is not permitted.

#### **6.15 Transfer of unidentified Debt Instruments**

If a Holder transfers some but not all of the Debt Instruments it holds and the transfer form does not identify the specific Debt Instruments transferred, the relevant Registrar may choose which Debt Instruments registered in the name of Holder have been transferred. However, the aggregate principal amounts of the Debt Instruments registered as transferred must equal the aggregate principal amount of the Debt Instruments expressed to be transferred in the transfer form.

## Part 3 Interest

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### 7 Fixed Rate Debt Instruments

*This Condition 7 applies to the Debt Instruments only if the Pricing Supplement states that it applies.*

#### 7.1 Interest on Fixed Rate Debt Instruments

Each Fixed Rate Debt Instrument bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

#### 7.2 Fixed Coupon Amount

Unless otherwise specified in the Pricing Supplement, the amount of interest payable in respect of a Fixed Rate Debt Instrument on each Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount specified in the Pricing Supplement.

#### 7.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Debt Instrument for any period for which a Fixed Coupon Amount is not specified in the Pricing Supplement is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Debt Instrument and the applicable Day Count Fraction.

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### 8 Floating Rate Debt Instruments

*This Condition 8 applies to the Debt Instruments only if the Pricing Supplement states that it applies.*

#### 8.1 Interest on Floating Rate Debt Instruments

Each Floating Rate Debt Instrument bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

#### 8.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Debt Instrument must be determined by the Calculation Agent in accordance with these Conditions.

#### 8.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 8.2 ("Interest Rate determination"), the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Debt Instruments during the immediately preceding Interest Period.

#### 8.4 ISDA Determination

If ISDA Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Debt Instruments for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

- (a) **"ISDA Rate"** means for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Debt Instruments were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the Pricing Supplement; and
  - (ii) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and
- (b) **"Swap Transaction", "Floating Rate", "Calculation Agent"** (except references to "Calculation Agent for the Floating Rate Notes"), **"Floating Rate Option", "Designated Maturity", "Reset Date", "Period End Date", "Spread"** and **"Floating Rate Day Count Fraction"** have the meanings given to those terms in the ISDA Definitions.

#### 8.5 Screen Rate Determination

If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Debt Instruments for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, **"Screen Rate"** means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

- (a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the **"Screen Rate"** means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;
- (b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the **"Screen Rate"** means:
  - (i) the rate the Calculation Agent calculates as the average mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre specified in the Pricing Supplement at the Relevant Time on the Interest Determination Date; or
  - (ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent calculates as the average of the rates (being the nearest equivalent to the Reference Rate) quoted by two or more banks chosen by the Calculation Agent in the Relevant Financial Centre at approximately the Relevant Time on the Interest Determination Date for a period equivalent to the Interest

Period to leading banks carrying on business in the Relevant Financial Centre in good faith; or

- (c) if the Pricing Supplement specifies an alternative method for the determination of the Screen Rate Determination, then that alternative method applies.

## 8.6 Bank Bill Rate Determination

If Bank Bill Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Debt Instruments for each Interest Period is the sum of the Margin and the Bank Bill Rate.

In this Condition:

- (a) **Bank Bill Rate** means, for an Interest Period, the average mid rate for Bills having a tenor closest to the Interest Period as displayed on the "BBSW" page of the Reuters Monitor System on the first day of that Interest Period.

However, if the average mid rate is not displayed by 10:30 am on that day, or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate determined by the Calculation Agent in good faith at approximately 10:30 am on that day, having regard, to the extent possible, to the mid rate of the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time; and

- (b) **Bill** has the meaning it has in the Bills of Exchange Act 1909 of Australia and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

## 8.7 Interpolation

If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, Bank Bill Rates or other floating rates specified in the Pricing Supplement.

The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

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## 9 Structured Debt Instruments

*This Condition 9 applies to the Debt Instruments only if the Pricing Supplement states that it applies.*

### 9.1 Interest on Structured Debt Instruments

Each interest bearing Structured Debt Instrument bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or

- (b) if no Interest Payment Date is specified in the Pricing Supplement, on each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

## **9.2 Interest Rate**

The Interest Rate payable in respect of an interest bearing Structured Debt Instrument must be determined in the manner specified in the Pricing Supplement.

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## **10 General provisions applicable to interest**

### **10.1 Maximum or Minimum Interest Rate**

If the Pricing Supplement specifies a “Maximum Interest Rate” or “Minimum Interest Rate” for any Interest Period, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

### **10.2 Calculation of Interest Rate and interest payable**

The Calculation Agent must, as soon as practicable after determining the Interest Rate in relation to each Interest Period for each Floating Rate Debt Instrument and interest bearing Structured Debt Instrument, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Debt Instrument.

Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Debt Instrument by the applicable Day Count Fraction.

The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

### **10.3 Calculation of other amounts**

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

### **10.4 Notification of Interest Rate, interest payable and other items**

The Calculation Agent must notify the Issuer, the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded of:

- (a) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
- (b) any amendment to any amount, item or date referred to in paragraph (a) arising from any extension or reduction in any Interest Period or calculation period.

The Calculation Agent must give notice under this Condition as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.

The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Holders, each other Agent and each stock or securities exchange or

other relevant authority on which the Debt Instruments are listed, quoted and/or traded after doing so.

#### **10.5 Determination final**

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of wilful default, bad faith or manifest or proven error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

#### **10.6 Rounding**

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with 0.000005 being rounded up to 0.00001); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to:
  - (i) in the case of Australian dollars, one cent; and
  - (ii) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency.

### **Part 4 Redemption and purchase**

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#### **11 Redemption**

##### **11.1 Scheduled redemption**

Each Debt Instrument is redeemable by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Debt Instrument has been previously redeemed;
- (b) the Debt Instrument has been purchased and cancelled; or
- (c) the Pricing Supplement states that the Debt Instrument has no fixed maturity date.

##### **11.2 Partly paid Debt Instruments**

Each Partly Paid Debt Instrument is redeemable on the Maturity Date in accordance with the relevant conditions specified in the Pricing Supplement.

##### **11.3 Instalment Debt Instruments**

Each Instalment Debt Instrument is partially redeemable in the Instalment Amounts and on the Instalment Dates specified in the Pricing Supplement. The principal amount of each Instalment Debt Instrument is reduced by the Instalment Amount with effect from the related Instalment Date.

#### **11.4 Early redemption for taxation reasons**

The Issuer may redeem all (but not some) of the Debt Instruments of a Series in whole before their Maturity Date at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the Issuer is required under Condition 14.2 (“Withholding tax”) to increase the amount of a payment in respect of a Debt Instrument.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days and no more than 60 days (or any other period specified in the Pricing Supplement) notice to the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded; and
- (b) before the Issuer gives the notice under paragraph (a), the Registrar has received:
  - (i) a certificate signed by an authorised signatory of the Issuer; and
  - (ii) an opinion of independent legal advisers of recognised standing in the jurisdiction of incorporation of the Issuer,that the Issuer would be required under Condition 14.2 (“Withholding tax”) to increase the amount of the next payment due in respect of the Debt Instruments;
- (c) in the case of Fixed Rate Debt Instruments, no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay Additional Amounts; and
- (d) in the case of Floating Rate Debt Instruments and Structured Debt Instruments bearing a floating rate of interest:
  - (i) the proposed redemption date is an Interest Payment Date; and
  - (ii) the notice of redemption is given at least 30 days and not more than 60 days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay Additional Amounts.

#### **11.5 Early redemption at the option of Holders (Holder put)**

If the Pricing Supplement states that a Holder may require the Issuer to redeem all or some of the Debt Instruments of a Series held by that Holder before their Maturity Date, the Issuer must redeem the Debt Instruments specified by the Holder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Debt Instruments to be redeemed is a multiple of their Denomination;
- (b) the Holder has given at least 15 days and no more than 30 days (or any other period specified in the Pricing Supplement) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Specified Office of the Registrar together with any evidence the Registrar may require to establish title of the Holder to the Debt Instrument;
- (c) the notice referred to in paragraph (b) specifies an account in the country of the currency in which the Debt Instrument is denominated to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the redemption date is an “Early Redemption Date (Put)” specified in the Pricing Supplement; and

- (e) any other relevant condition specified in the Pricing Supplement is satisfied.

A Holder may not require the Issuer to redeem any Debt Instrument under this Condition 11.5 if the Issuer has given notice that it will redeem that Debt Instrument under Condition 11.4 (“Early redemption for taxation reasons”) or Condition 11.6 (“Early redemption at the option of the Issuer (Issuer call)”).

#### **11.6 Early redemption at the option of the Issuer (Issuer call)**

If the Pricing Supplement states that the Issuer may redeem all or some of the Debt Instruments of a Series before their Maturity Date under this Condition, the Issuer may redeem so many of the Debt Instruments specified in the Pricing Supplement at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the amount of Debt Instruments to be redeemed is, or is a multiple of, their Denomination;
- (b) the Issuer has given at least 15 days and not more than 30 days (or any other period specified in the Pricing Supplement) notice to the Registrar, the Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded;
- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement; and
- (d) any other relevant condition specified in the Pricing Supplement is satisfied.

#### **11.7 Partial redemptions**

If only some of the Debt Instruments are to be redeemed under Condition 11.6 (“Early redemption at the option of the Issuer (Issuer call)”), the Debt Instruments to be redeemed must be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded.

#### **11.8 Effect of notice of redemption**

Any notice of redemption given under this Condition 11 is irrevocable.

#### **11.9 Late payment**

If an amount is not paid under this Condition 11 when due, then:

- (a) for a Debt Instrument (other than a Zero Coupon Debt Instrument or a Structured Debt Instrument), interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder;
- (b) for a Zero Coupon Debt Instrument, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the date on which payment is made to the Holder; and

- (c) for a Structured Debt Instrument:
  - (ii) interest continues to accrue at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder; or
  - (iii) the obligation to pay the amount is replaced by an obligation to pay an amount determined in the manner specified in the Pricing Supplement.

#### **11.10 Purchase**

The Issuer and any of its Related Entities may at any time purchase Debt Instruments in the open market or otherwise and at any price. Debt Instruments purchased under this Condition 11.10 may be held, resold or cancelled at the discretion of the purchaser and (if the Debt Instruments are to be cancelled, the Issuer), subject to compliance with any applicable law, directive or requirement of any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded.

### **Part 5 Payments**

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## **12 General provisions**

### **12.1 Summary of payment provisions**

Payments in respect of Debt Instruments must be made in accordance with Condition 13 ("Payments").

### **12.2 Payments subject to law**

All payments are subject to applicable law, but without prejudice to the provisions of Condition 14 ("Taxation").

### **12.3 Payments on Business Days**

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day Convention.

The Holder is not entitled to any additional payment in respect of that delay.

### **12.4 Currency indemnity**

The Issuer waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual costs in connection with the conversion; and
- (b) the Issuer satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

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**13 Payments****13.1 Payment of principal**

Payments of principal and any final Instalment Amount in respect of a Debt Instrument will be made to each person registered at 10.00 am on the payment date as the Holder of that Debt Instrument.

**13.2 Payment of interest**

Payments of interest and Instalment Amounts (other than the final Instalment Amount) in respect of a Debt Instrument will be made to each person registered at the close of business on the Record Date as the Holder of that Debt Instrument.

**13.3 Payments to accounts**

Payments in respect of Debt Instruments will be made in the following manner:

- (a) if the Debt Instruments are held in the Austraclear System, by crediting on the payment date, the amount due to:
  - (i) the account of Austraclear (as the Holder) in Australia previously notified to the Issuer and the Registrar; or
  - (ii) if requested by Austraclear, the accounts in Australia of the persons in whose Security Record a Debt Instrument is recorded in the country of the currency in which the Debt Instrument is denominated as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations;
- (b) if the Debt Instruments are not held in the Austraclear System, by crediting on the payment date, the amount then due under each Debt Instrument to an account in Australia previously notified by the Holder to the Issuer and the Registrar; and
- (c) if a payment in respect of the Debt Instrument is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the payee.

**13.4 Payments by cheque**

If the Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Debt Instrument will be made in Australia by cheque sent by prepaid post on, or on the Business Day immediately before, the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Debt Instrument) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder are taken to have been received by the Holder on the payment date and, no further amount is payable by the Issuer in respect of the Debt Instruments as a result of the Holder not receiving payment on the due date.

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**14 Taxation****14.1 No set-off, counterclaim or deductions**

All payments in respect of the Debt Instruments must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

## 14.2 Withholding tax

Subject to Condition 14.3 (“Withholding tax exemptions”), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Debt Instruments such that the Holder would not actually receive on the due date the full amount provided for under the Debt Instruments, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the Issuer will pay such additional amounts so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

## 14.3 Withholding tax exemptions

No Additional Amounts are payable under Condition 14.2 (“Withholding tax”) in respect of any Debt Instrument:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Debt Instrument by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Debt Instrument or receipt of payment in respect of the Debt Instrument;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;
- (c) presented for payment (to the extent that presentation is required) or otherwise arranging to receive payment more than 30 days after the relevant payment date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment (to the extent that presentation is required), or otherwise arranging to receive payment, on the thirtieth such day; or
- (d) in such other circumstances as may be specified in the Pricing Supplement.

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## 15 Time limit for claims

A claim against the Issuer for a payment under a Debt Instrument is void unless made within ten years (in the case of principal) or five years (in the case of interest and other amounts) from the date on which payment first became due.

## Part 6 Events of Default

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## 16 Events of Default

### 16.1 Events of Default

Each of the following is an Event of Default in respect of the Debt Instruments:

- (a) **(non-payment of interest)** default in the payment of any instalment of interest upon any of the Debt Instruments, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable, and continuance of such default for a period of ten days;

- (b) **(non-payment of principal)** default in the payment of all or any part of the principal of any of the Debt Instruments, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable, and continuance of such default for a period of two days;
- (c) **(breach of other obligations)** failure on the part of the Issuer duly to observe or perform any other of the covenants or agreements on the part of the Issuer contained in these Conditions for a period of 45 days after the date on which written notice specifying such failure, stating that notice is a "Notice of Default" under these Conditions and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer or to Issuer at the office of the Registrar by the holders of at least 10% in aggregate principal amount of the Debt Instruments at the time outstanding;
- (d) **(cross acceleration)** any External Indebtedness of the Issuer in the aggregate principal amount of US\$15,000,000 or more either:
  - (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Issuer; or
  - (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto,

or any guarantee given by the Issuer in respect of External Indebtedness of any other person in the aggregate principal amount of US\$15,000,000 or more not being honoured when, and remaining dishonoured after becoming, due and called, provided that, if any such default under any such External Indebtedness shall be cured or waived, then the default under these Conditions by reason thereof shall be deemed to have been cured and waived;
- (e) **(winding up, insolvency, etc.)** a court or administrative or other governmental agency or body having jurisdiction shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency, reorganisation, rehabilitation, compulsory composition or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Issuer to be bankrupt or insolvent and such decree or order shall remain unstayed and in effect for a period of 45 consecutive days; or
- (f) **(cessation of business)** the Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency, rehabilitation, reorganisation, compulsory composition or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of its property, or cease to carry on the whole or substantially the whole of its business or make any general assignment for the benefit of creditors, or enter into any composition with its creditors or take corporate action in furtherance of any such action.

No periodic evidence is required to be provided by the Issuer to any person as to the absence of Events of Default.

## 16.2 Consequences of an Event of Default

If an Event of Default occurs and is continuing, the Holder of any Debt Instrument may give written notice to the Issuer at its Specified Office that such Debt Instrument is immediately repayable, whereupon the Redemption Amount of such Debt Instrument together with

accrued interest (if any) to the date of repayment shall become immediately due and payable without any further formality.

### **16.3 Notification**

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the event (specifying details of it) and use its reasonable endeavours to ensure that the Registrar promptly notifies Holders, each other Agent and any stock or securities exchange or other relevant authority on which the Debt Instruments are listed, quoted and/or traded of the occurrence of the event.

## **Part 7 General**

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### **17 Agents**

#### **17.1 Role of Agents**

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder.

#### **17.2 Appointment and replacement of Agents**

Each initial Agent for a Series of Debt Instruments is specified in the Pricing Supplement. Subject to Condition 17.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

#### **17.3 Change of Agent**

Notice of any change of an Agent or its Specified Offices must promptly be given to the Holders by the Issuer or the Agent on its behalf.

#### **17.4 Required Agents**

The Issuer must, in respect of each Series of Debt Instruments:

- (a) at all times maintain a Registrar; and
- (b) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent.

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### **18 Meetings of Holders**

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

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### **19 Variation**

#### **19.1 Variation with consent**

Unless Condition 19.2 ("Variation without consent") applies, any Condition may be varied by the Issuer with prior approval from the Holders by Extraordinary Resolution in accordance with the Meetings Provisions.

## **19.2 Variation without consent**

Any Condition may be amended by the Issuer without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders;
- (d) is to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (e) only applies to Debt Instruments issued by it after the date of amendment.

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## **20 Further issues**

The Issuer may from time to time, without the consent of the Holders, issue further Debt Instruments having the same Conditions as the Debt Instruments of any Series in all respects (or in all respects except for the Issue Price, Issue Date and the first Interest Payment Date) so as to form a single series with the Debt Instruments of that Series.

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## **21 Notices**

### **21.1 Notices to Holders**

All notices and other communications to Holders must be in writing and must be left at the address of or sent by prepaid post (airmail, if appropriate) to the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication).

They may also be:

- (a) given by an advertisement published in the Australian Financial Review or The Australian; or
- (b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper.

### **21.2 Notices to the Issuer and the Agents**

All notices and other communications to the Issuer or an Agent must be in writing and may be left at the address of, or sent by prepaid post (airmail, if appropriate) to, its respective Specified Office.

### **21.3 When effective**

They take effect from the time they are received unless a later time is specified in them.

### **21.4 Deemed receipt - publication in newspaper**

If published in a newspaper, they are taken to be received on the first date that publication has been made in all the required newspapers.

### **21.5 Deemed receipt - postal**

If sent by post, they are taken to be received five days after posting.

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## **22 Governing law and service of process**

### **22.1 Governing law**

Debt Instruments are governed by the law in force in New South Wales, Australia.

### **22.2 Jurisdiction**

The Issuer submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to an suit, action or proceedings (“**Proceedings**”) being brought in those courts including by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

### **22.3 Serving documents**

Without preventing any other method of service, any document in any Proceedings may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

### **22.4 Agent for service of process**

The Issuer appoints Dabserv Corporate Services Pty Ltd (ABN 73 001 824 111) of Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000 as its agent to receive any document referred to in Condition 22.3 (“Serving documents”). If for any reason that person ceases to be able to act as such, the Issuer will immediately appoint another person with an office located in New South Wales to act as its agent to receive any such document and will promptly notify the Registrar and the Holders of such appointment.

# Form of Pricing Supplement

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The Pricing Supplement to be issued in respect of each Tranche of Debt Instruments will be substantially in the form set out below.

Series No.: [●]

Tranche No.: [●]



**Hyundai Capital Services, Inc.**  
(incorporated with limited liability under the laws of the Republic of Korea)

**A\$[●] Australian Domestic Debt Issuance Programme**  
(“Programme”)

Issue of  
**[A\$][Aggregate Principal Amount of Debt Instruments]**  
**[Title of Debt Instruments] due [●]** (“Debt Instruments”)

The date of this Pricing Supplement is [●].

This Pricing Supplement (as referred to in the Information Memorandum dated [●] (“**Information Memorandum**”) in relation to the above Programme) relates to the Tranche of Debt Instruments referred to above. It is supplementary to, and should be read in conjunction with, the terms and conditions of the Debt Instruments contained in the Information Memorandum (“**Conditions**”), the Information Memorandum and the Debt Instrument Deed Poll dated [●] made by the Issuer.

Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

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 authorised 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 Debt Instruments or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Debt Instruments referred to above are as follows:

- 1 Issuer : Hyundai Capital Services, Inc.
- 2 Type of Debt Instruments : [Fixed Rate / Floating Rate / Zero Coupon / Structured / *specify other*]
- 3 Method of Distribution : [Private / Syndicated Issue]
- 4 [Joint] Lead Manager[s] : [*Specify*]

5	Dealer[s]	:	[Specify]
6	Registrar	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
7	Issue and Paying Agent	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
8	Calculation Agent	:	[Citigroup Pty Limited (ABN 88 004 325 080) / specify other]
9	Series Particulars (Fungibility with other Tranches)	:	[Not applicable / specify if Tranche is to form a single Series with an existing Series, specify date on which all Debt Instruments of the Series become fungible (if no specific future date, specify the Issue Date)]
10	Principal Amount of Tranche	:	[Specify]
11	Issue Date	:	[Specify]
12	Issue Price	:	[Specify]
13	Currency	:	[A\$ / specify other]
14	Denomination[s]	:	[Specify]
15	Maturity Date	:	[Specify (in the case of an amortising Debt Instruments, insert the date on which the last instalment of principal is payable)]
16	Record Date	:	[As per the Conditions / specify other]
17	Condition 7 (Fixed Rate Debt Instruments) applies	:	[Yes / No] [If "No", delete following Fixed Rate provisions]
	Fixed Coupon Amount	:	[Specify]
	Interest Rate	:	[Specify]
	Interest Commencement Date	:	[Issue Date / specify]
	Interest Payment Dates	:	[Specify]
	Business Day Convention	:	[Following Business Day Convention / Preceding Business Day Convention / No Adjustment / specify other]
	Day Count Fraction	:	[Specify]
18	Condition 8 (Floating Rate Debt Instruments) applies	:	[Yes / No] [If "No", delete following Floating Rate provisions]
	Interest Commencement Date	:	[Issue Date / specify]
	Interest Rate	:	[Specify method of calculation]

Interest Payment Dates	:	[Specify dates or the Specified Period]
Business Day Convention	:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / No Adjustment / specify other]
Margin	:	[Specify (state if positive or negative)]
Day Count Fraction	:	[Specify]
Fallback Interest Rate	:	[Specify / Not applicable]
Interest Rate Determination	:	[ISDA Determination / Screen Rate Determination / Bank Bill Rate Determination]
<i>[If ISDA Determination applies, specify the following (otherwise delete provisions)]</i>		
Floating Rate Option	:	[Specify]
Designated Maturity	:	[Specify]
Reset Date	:	[Specify]
<i>[If Screen Rate Determination applies, specify the following (otherwise delete provisions)]</i>		
Relevant Screen Page	:	[Specify]
Relevant Time	:	[Specify]
Reference Rate	:	[Specify]
Reference Banks	:	[Specify]
Interest Determination Date	:	[Specify]
<i>[If Bank Bill Rate Determination applies, specify the following (otherwise delete provision)]</i>		
Bank Bill Rate	:	[As per Condition 8.6 / specify any variation to the Conditions]
Maximum and Minimum Interest Rate	:	[Specify / Not applicable]
Default Rate	:	[Specify (In the case of interest-bearing Debt Instruments, specify rate of interest applying to overdue amounts (if different to usual Interest Rate)]
Rounding	:	[As per Condition 10.6 / specify]
Relevant Financial Centre	:	[Applicable / Not applicable]

	Linear Interpolation	:	[Applicable / Not applicable] <i>[If applicable, provide details]</i>
19	Condition 9 (Structured Debt Instruments) applies	:	[Yes / No]  <i>[If "Yes", specify full interest determination provisions, including rate or calculation basis for interest or actual amounts of interest payable, amount and dates for commencement and payment]</i>
20	Amortisation Yield	:	[Specify] <i>[In the case of Zero Coupon Debt Instruments, specify the Reference Price]</i>
21	Instalment Details	:	[Specify details of Instalments including Instalment Amount and Instalment Dates / Not applicable]
22	Details of Partly Paid Debt Instruments	:	[Specify details / Not applicable]
23	Condition 11.5 (Holder put) applies	:	[Yes, the Debt Instruments redeemable before their Maturity Date at the option of the Holders / No]  <i>[If "No", delete following Holder put provisions]</i>
	Early Redemption Date(s) (Put)	:	[Specify]
	Minimum / maximum notice period for exercise of Holder put	:	[Specify]
	Relevant conditions to exercise of Holder put	:	[Specify]
24	Condition 11.6 (Holder call) applies	:	[Yes, the Debt Instruments redeemable before their Maturity Date at the option of the Issuer / No]  <i>[If "No", delete following Issuer call provisions]</i>
	Minimum / maximum notice period for exercise of Issuer call	:	[Specify]
	Relevant conditions to exercise of Issuer call	:	[Specify]
25	Minimum / maximum notice period for early redemption for taxation purposes	:	[As per Condition 11.4 / specify]
26	Additional Conditions	:	<i>[Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]</i>
27	Clearing System[s]	:	[Austraclear System / specify others]
28	ISIN	:	[Specify]
29	[Common Code]	:	[Specify]

- 30 [Selling Restrictions] : [*Specify any variation to the selling restrictions set out in the Information Memorandum*]
- 31 Listing : [*Not applicable / Australian Securities Exchange / specify details of other relevant stock or securities exchange*]
- 32 [Additional Information] : [*Specify*]

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

**CONFIRMED**

For and on behalf of  
**Hyundai Capital Services, Inc.**

By:

Date: \_\_\_\_\_

## Selling Restrictions

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*Under the Dealer Agreement dated 4 November 2010 between the Issuer, the Arranger and the Dealers (as amended and supplemented from time to time, the “Dealer Agreement”) and subject to the Conditions contained in the Information Memorandum, the Debt Instruments will be offered by the Issuer through the Dealers. The Issuer has the sole right to accept any offer to purchase Debt Instruments and may reject that offer in whole or (subject to the terms of the offer) in part. Each Dealer has the right to reject any offer to purchase Debt Instruments made to it in whole or (subject to the terms of such offer) in part. The Issuer is entitled under the Dealer Agreement to appoint one or more financial institutions as a Dealer for a particular Tranche of Debt Instruments or the Programme generally. At the time of any appointment, each such financial institution will be required to represent and agree to the selling restrictions applicable at that time.*

*Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, under the Dealer Agreement to comply with any applicable law, regulation or directive in any jurisdiction in which it may subscribe for, offer, sell or transfer Debt Instruments and that it will not, directly or indirectly, subscribe for, offer, sell or transfer Debt Instruments or distribute any Information Memorandum or other offering material in relation to the Debt Instruments, in any jurisdiction, except in accordance with these selling restrictions, any additional restrictions which are set out in the relevant Pricing Supplement and any applicable law, regulation or directive of that jurisdiction.*

*None of the Issuer, the Arranger or any Dealer has represented that any Debt Instruments may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.*

*The following selling restrictions apply:*

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### 1 General

No action has been taken in any jurisdiction that would permit a public offering any of the Debt Instruments or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer and Dealers to comply with all applicable laws, regulations and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Debt Instruments or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Debt Instruments under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor the Arranger or any Dealer has responsibility for such matters. In accordance with the above, any Debt Instruments purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Debt Instruments in such jurisdiction.

In these selling restrictions, “**directive**” includes a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Debt Instruments in Australia, Korea, the United Kingdom, the United States of America, Hong Kong, Japan, Singapore and the European Economic Area as set out below.

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**2 Australia**

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Debt Instruments has been, or will be, lodged with ASIC. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not made or invited, and will not make or invite, an offer of the Debt Instruments for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or any other offering material or advertisement relating to any Debt Instruments in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates to the offeree) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;
- (iii) such action complies with any applicable laws, regulations or directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

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**3 Korea**

The Debt Instruments have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea.

Accordingly, each Dealer, severally but not jointly, has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree that the Debt Instruments have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea (as such term is defined in the Foreign Exchange Transaction Law of Korea) or to others for re-offering or resale directly or indirectly in Korea or to or for the account or benefit of any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations.

Furthermore, a holder of Debt Instruments will be prohibited from offering, delivering or selling any Debt Instruments, directly or indirectly, in Korea or to any resident of Korea for a period of one year from the date of issuance of such Debt Instruments except (i) in the case where the Debt Instruments are issued as bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants or exchangeable bonds (but with respect to exchangeable bonds, only those which are exchangeable into shares, convertible bonds or bonds with warrants), and where the other relevant requirements are further satisfied, Debt Instruments may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of professional investors as specified in the Financial Investment Services and Capital Markets Act of Korea, its enforcement Decree and the Regulation on Securities Issuance and Disclosure of Korea, or (ii) as otherwise permitted under applicable Korean law and regulations.

Each Dealer severally but not jointly, undertakes, and each further Dealer appointed under the Programme will be required to undertake, to use commercially reasonable best measures as a dealer in ordinary course of its business so that any securities dealer to which it sells the Debt Instruments confirms that it is purchasing such Debt Instruments as principal and agrees with such Dealer that it will comply with the restrictions described above.

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#### **4 The United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (UK) (“**FSMA**”) with respect to anything done by it in relation to any Debt Instruments in, from or otherwise involving the United Kingdom;
- (b) in relation to Debt Instruments with a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold, and will not offer or sell, any Debt Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Debt Instruments would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Debt Instruments in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

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#### **5 The United States of America**

The Debt Instruments have not been and will not be registered under the Securities Act.

Terms used in the following four paragraphs have the meanings given to them by Regulation S.

The Debt Instruments may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or in transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted under the Dealer Agreement, it will not offer, sell or deliver the Debt Instruments:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Debt Instruments on a syndicated basis, the Lead Manager,

within the United States of America or to, or for the account or benefit of, U.S. persons.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will have sent to each distributor to which it sells Debt Instruments during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Debt Instruments within the United States of America or to, or for the account or benefit of, U.S. persons.

Until 40 days after the completion of the distribution of all Debt Instruments of the Tranche of which those Debt Instruments are a part, an offer or sale of Debt Instruments within the United States of America by any Dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

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## 6 Hong Kong

The Debt Instruments have not been authorised by the Hong Kong Securities and Futures Commission. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Debt Instruments other than
  - (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong ("**SFO**") and any rules made under the SFO, or
  - (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) (as amended) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation or other offering material or other document relating to the Debt Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Debt Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

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## 7 Japan

The Debt Instruments have not been and will not be registered under the Financial Instruments and Exchange Law of Japan ("**Financial Instruments and Exchange Law**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Debt Instruments directly or indirectly in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws and regulations of Japan. For the purposes of this paragraph, "**Japanese Person**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

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**8 Singapore**

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell the Debt Instruments, nor make the Debt Instruments the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Debt Instruments, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended ("**Securities and Futures Act**");
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, to notify (whether through the distribution of this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Debt Instruments or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Debt Instruments from and through that Dealer, namely a person which is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Debt Instruments pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the Securities and Futures Act.

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## 9 Public offer Selling Restriction under the Prospectus Directive

Unless otherwise stated in this “Selling Restrictions” section, in relation to each Member State of the European Economic Area (“**EEA State**”) which has implemented the Prospectus Directive (each, a “**Relevant EEA State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (“**Relevant Implementation Date**”) it has not made and will not make an offer of Debt Instruments which are the subject of the offering contemplated by this Information Memorandum in relation thereto to the public in that Relevant EEA State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Debt Instruments to the public in that Relevant EEA State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of
  - (1) an average of at least 250 employees during the last financial year;
  - (2) a total balance sheet of more than €43,000,000; and
  - (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;
- (d) at any time if the denomination per Debt Instrument being offered amounts to at least €50,000; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Debt Instruments referred to in (a) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Debt Instruments to the public” in relation to any Debt Instruments in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Debt Instruments to be offered so as to enable an investor to decide to purchase or subscribe for the Debt Instruments, as the same may be varied in that EEA State by any measure implementing the Prospectus Directive in that EEA State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant EEA State.

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## 10 Variation

These selling restrictions may be changed by the Issuer after consultation with the Dealers including following a change in any law, regulation or directive or in its interpretation or administration by an authority or the introduction of a new law, regulation or directive. Any change will be set out in the Pricing Supplement issued in respect of the Debt Instruments to which it relates (or in another supplement to this Information Memorandum).

# Taxation

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## Australian Taxation

*The following is a summary of the Australian taxation treatment, at the date of this Information Memorandum, of the Debt Instruments to be issued by the Issuer under the Programme and certain other matters. It is a general guide and should be treated with appropriate caution. Prospective holders of Debt Instruments who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Debt Instruments for their particular circumstances.*

### 1. Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the Debt Instruments issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Debt Instruments issued by it should not be subject to Australian interest withholding tax (“**Australian IWT**”).

### 2. Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no Debt Instruments will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Debt Instruments;
- (c) *other withholding taxes on payments in respect of Debt Instruments* - so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“**Taxation Administration Act**”) should not apply in connection with Debt Instruments issued by the Issuer;
- (d) *supply withholding tax* - payments in respect of the Debt Instruments can be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax (“GST”)* - neither the issue nor receipt of the Debt Instruments will give rise to a liability for GST in Australia on the basis that the supply of Debt Instruments will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Debt Instruments, would give rise to any GST liability in Australia.

### 3. Taxation of Financial Arrangements

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 of Australia (“**TOFA Act**”) has been enacted. The TOFA Act contains new rules which represent a new code for the taxation of receipts and payments in relation to “financial arrangements”. The new rules contain a number of different methods for bringing to account gains and losses in relation to “financial arrangements” (including fair value, accruals, retranslation, realization, hedging and financial records).

The new rules apply from the commencement of the first tax year beginning on or after 1 July 2010 (although taxpayers may be able to make an election to apply the rules for a tax year commencing on or after 1 July 2009 if they wish to do so). Further, the new rules are not to apply to “financial arrangements” which are current as at the commencement date. In relation to current “financial arrangements” at that time, taxpayers may elect to apply the proposed new rules if they wish, but certain tax adjustments would need to be made if such an election is made.

The TOFA Act does not affect the provisions relating to the imposition of Australian IWT.

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## **Korean Taxation**

*The following is a general summary of the current tax law and practice in the Republic of Korea (“Korean law”). It does not purport to be a complete summary of Korean tax law and practice currently applicable and does not constitute legal or tax advice. All prospective investors in the Debt Instruments are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, of the purchase, ownership or disposition of the Debt Instruments or any interest therein.*

The taxation of non-resident individuals and non-Korean corporations (“**Non-Residents**”) generally depends on whether they have a Permanent Establishment (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such relevant Korean source income is effectively connected. Non-Residents without such a Permanent Establishment in Korea are taxed in the manner described below. Non-Residents with such Permanent Establishments are taxed in accordance with different rules.

### **Income Tax and Corporation Tax on Interest**

Interest on the Debt Instruments is exempt from income tax and corporation tax (whether payable by withholding of otherwise) pursuant to the Tax Exemption and Limitation Law (the “**TELL**”) subject to the discussion below applicable to Index Linked Debt Instruments, so far as the Debt Instruments are “foreign currency denominated bonds” under the TELL. The term “foreign currency denominated bonds” in this context is not defined under the TELL. In this regard, the Korean tax authority issued a ruling on 1 September 1990 to the effect that “Debt Instruments Issuance Facility, USCP, Euro CP and Banker’s Acceptance, etc.” are not treated as “foreign currency denominated bonds”.

If not exempt under TELL, the rate of income tax or corporation tax applicable to interest or any premium on the Debt Instruments, for a Non-Resident without such a Permanent Establishment in Korea, is currently 14 per cent. In addition, a tax surcharge, called a local income tax is imposed at the rate of 10 per cent. of the income tax or corporation tax (raising the total tax rate to 15.4 per cent.).

The tax is withheld by the payer of the interest.

The tax rates may be reduced by applicable tax treaty, convention or agreement between Korea and the country of the recipient of the interest. The relevant tax treaties are discussed below.

In addition, on or after 1 July 2002, in order to obtain the benefit of a tax exemption available under applicable tax treaties, a non-resident holder should submit an application for exemption by the ninth day of the month following the month in which the payment occurred, together with a certificate of the non-resident holder’s tax residence issued by a competent authority of the non-resident holder’s residence country. However, this requirement does not apply to exemptions under Korean tax law.

### **Index Linked Debt Instruments**

A detailed description of the tax considerations relevant to Index Linked Debt Instruments will be provided in the applicable Pricing Supplement.

## **Capital Gains Tax**

The Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a Permanent Establishment in Korea from the sale of Debt Instruments to Non-Residents (other than to its Permanent Establishment in Korea). In addition, capital gains earned by a Non-Resident with or without a Permanent Establishment from the transfer of Debt Instruments outside of Korea are currently exempt from taxation by virtue of the TELL, provided that the issuance of the Debt Instruments is deemed to be an overseas issuance.

In the absence of an applicable treaty or any other special tax laws reducing or eliminating capital gains tax, the applicable rate of tax is the lower of 11 per cent. (including local income tax) of the gross realisation proceeds (the “**Gross Realisation Proceeds**”) or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Debt Instruments) 22 per cent. (including local income tax) of the gain made. The gain is calculated as the Gross Realisation Proceeds less the acquisition cost and certain direct transaction costs. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under the relevant Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Debt Instruments of Korean companies.

The purchaser or any other designated withholding agent of Debt Instruments is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from the tax under an applicable treaty or in the absence of the seller producing satisfactory evidence of its acquisition cost and direct transaction cost in relation to the Debt Instruments being sold, the purchaser or such withholding agent must withhold an amount equal to 11 per cent. (including local income tax) of the Gross Realisation Proceeds. Any amount withheld by the purchaser or such withholding agent must be paid to the relevant Korean tax authority no later than the tenth day of the month following the month in which the sale of the relevant Debt Instruments occurred. Failure to transmit the withheld tax to the Korean tax authorities in time technically subjects the purchaser or the withholding agent to penalties under Korean tax laws and a Non-Resident who is liable for payment of any Korean tax on gains, either as a purchaser or the withholding agent who is obliged to withhold such tax, is subject to the Korean tax authorities seeking enforcement through attachment of, or other legal proceedings against, payments due to it from its Korean investments and to enforcement against the assets or revenues of any of the Non-Resident’s branch or representative offices in Korea.

In order to obtain the benefit of a tax treaty exemption or reduced rates, a non-resident seller should submit to the purchaser or the withholding agent prior to or at the time of sale, such evidence of tax residence of the seller as the Korean tax authorities may require in support of the claim for treaty protection. Such evidence normally consists of a certificate from the relevant tax authorities confirming the seller’s residence in a relevant jurisdiction.

In addition, on or after 1 July 2002, in order to obtain the benefit of a tax exemption available under applicable tax treaties, a non-resident holder should submit an application for exemption by the ninth day of the month following the month in which the payment occurred, together with a certificate of the non-resident holder’s tax residence issued by a competent authority of the non-resident holder’s residence country. However, this requirement does not apply to exemptions under Korean tax law.

## **Inheritance Tax and Gift Tax**

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of death the deceased was domiciled in Korea and (b) all property located in Korea which passes on death (irrespective of the domicile of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the tax rates vary according to the identity of the parties involved.

Under the Korean inheritance and gift tax laws, debt instruments issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned.

### **Stamp Duty and Securities Transaction Tax**

No stamp, issue or registration duties will be payable in Korea by the holders of Debt Instruments in connection with the issue of the Debt Instruments. A securities transaction tax will not be imposed on the transfer of the Debt Instruments.

### **Tax Treaties**

At the date of this Information Memorandum, Korea has tax treaties with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Malaysia, the Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America where under the rate of withholding tax on interest is reduced, generally to between approximately 5 per cent. and 15 per cent. (including local income tax), and the tax on capital gains is often eliminated.

The special withholding tax system took effect 1 July 2006. Under the system, residents of Labuan, Malaysia are presumed to be tax treaty shopping, and are denied tax treaty benefits. Instead, payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4% for interest and the lower of 11% of the Gross Realisation Proceeds or 22% of the gain made for capital gain (including local income tax)) rather than the reduced or exempted rate available under the Korea-Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to get refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and a real resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the “**NTS**”) for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

## Directory

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