

**Section 13.9. Settlement Rate on Automatic Exercise or Fallback Exercise.** For purposes of Section 13.7 (Automatic Exercise) and Section 13.8 (Fallback Exercise) and determining whether Buyer is in-the-money, and for purposes of Section 18.2(f) (Settlement Rate) where a Swaption is deemed to be exercised pursuant to the provisions of Section 13.7 (Automatic Exercise) or Section 13.8 (Fallback Exercise), the Settlement Rate will be:

(a) if the ISDA Settlement Matrix applies and an applicable Settlement Rate is specified in the ISDA Settlement Matrix, the par swap rate for swaps in the currency in which the Relevant Swap Transaction is denominated for a period equivalent to the remaining Term of the Relevant Swap Transaction which appears in the price source specified in the ISDA Settlement Matrix as of the Expiration Time on the Expiration Date; or

(b) if (i) the ISDA Settlement Matrix applies but either an applicable Settlement Rate is not specified in the ISDA Settlement Matrix or such rate does not appear in the price source specified in the ISDA Settlement Matrix or (ii) the ISDA Settlement Matrix does not apply, the par swap rate for swaps in the currency in which the Relevant Swap Transaction is denominated for a period equivalent to the remaining Term of the Relevant Swap Transaction which appears on the relevant ISDAFIX Page as of the Expiration Time on the Expiration Date; or

(c) if such rate does not appear on the relevant ISDAFIX Page or an ISDAFIX page is not available for such currency, the rate determined by Seller on the basis of the par swap rates quoted by the Cash Settlement Reference Banks (which, if Physical Settlement is specified to be applicable or if institutions are not specified in the related Confirmation, will be five leading dealers selected by Seller in good faith) using the relevant Quotation Rate (or, if Physical Settlement is specified to be applicable or if a Quotation Rate is not specified in the related Confirmation, using "mid" as the relevant Quotation Rate), as of the Expiration Time on the Expiration Date (if possible) or for the Expiration Date, for swaps in the currency in which the Relevant Swap Transaction is denominated for a period equivalent to the remaining Term of the Relevant Swap Transaction and with dealers in the relevant market of the highest credit standing which satisfy all the credit criteria which such Cash Settlement Reference Banks apply generally at the time in deciding whether to offer or make an extension of credit. If five quotations are provided as requested, the Settlement Rate will be calculated by eliminating the highest and lowest rates and taking the arithmetic mean of the remaining rates. If at least three, but fewer than five, quotations are provided, the Settlement Rate will be the arithmetic mean of the quotations. If fewer than three quotations are provided as requested, the Settlement Rate will be determined by Seller in good faith and in a commercially reasonable manner.

#### **Section 13.10. Exercise of Swaption Straddles.**

(a) **European style.** In the case of a European style Swaption Straddle, on the Expiration Date Buyer may exercise either the Swaption in respect of the Underlying Payer Swap or the Swaption in respect of the Underlying Receiver Swap. If, on the Expiration Date, Buyer exercises one of these Swaptions or one of these Swaptions is deemed to be exercised pursuant to the provisions of Section 13.7 (Automatic Exercise) or Section 13.8 (Fallback Exercise), the other Swaption will expire unexercised.

(b) **American style or Bermuda style.** In the case of an American style or Bermuda style Swaption Straddle, if, on any day in the Exercise Period other than the Expiration Date, Buyer exercises either the Swaption in respect of the Underlying Payer Swap or the Swaption in respect of the Underlying Receiver Swap, Buyer may exercise the other Swaption on a subsequent day in the Exercise Period. If neither Swaption has been exercised or deemed to have been exercised prior to the Expiration Date and, on the Expiration Date, Buyer exercises one of the Swaptions or one of the Swaptions is deemed to be