

Settlement Amount, or, if Seller is out-of-the-money, in the lower absolute value of the Cash Settlement Amount;

provided that, if, in respect of a Swap Transaction to which Optional Early Termination is specified to be applicable, an Event of Default or Potential Event of Default under the ISDA Master Agreement (other than a Potential Event of Default arising pursuant to the provisions of Section 5(a)(ii) of the ISDA Master Agreement) with respect to the Exercising Party has occurred and is continuing on the Cash Settlement Valuation Date, then "Exercising Party Pays" will be deemed to have been specified in the related Confirmation.

(k) **Relevant Swap Transaction.** "Relevant Swap Transaction" means:

(i) in respect of a Swaption and in respect of an Exercise Date, a Swap Transaction on the same terms as the Underlying Swap Transaction but with a Notional Amount equal to the Notional Amount of the Underlying Swap Transaction exercised or deemed exercised on that Exercise Date;

(ii) in respect of a Swap Transaction to which Optional Early Termination is applicable and in respect of an Exercise Date, a Swap Transaction on the same terms as that Swap Transaction but with a Notional Amount equal to the Notional Amount of the Swap Transaction exercised or deemed exercised on that Exercise Date; and

(iii) in respect of a Swap Transaction to which Mandatory Early Termination is applicable, a Swap Transaction on the same terms as that Swap Transaction.

(l) **Cash Settlement Method.** "Cash Settlement Method" means, in respect of a Swap Transaction and the calculation of a Cash Settlement Amount, the Cash Settlement Method specified as such, which may be specified by reference to any of the methods set forth in Section 18.3 (Cash Settlement Methods) or may be specified by defining the Cash Settlement Method in the related Confirmation.

(m) **Valuation Business Day.** "Valuation Business Day" means, in respect of a Swap Transaction, any day which is a Banking Day in the place(s) specified for that purpose in the relevant Confirmation and, if place(s) are not so specified, a day:

(i) which is (A) a Banking Day in respect of the financial center(s) indicated for the currency which is the Cash Settlement Currency in Section 1.5 (Financial Centers), (B) a TARGET Settlement Day, if the Cash Settlement Currency is the euro or (C) a Banking Day in respect of the principal financial center for the Cash Settlement Currency, if the currency is other than those currencies specified in Section 1.7 (Currencies); and

(ii) which is a Banking Day in respect of the financial center, if any, referred to in the specified Floating Rate Option; and

(iii) which is a TARGET Settlement Day, if the specified Floating Rate Option refers to a TARGET Settlement Day; and

(iv) which is a U.S. Government Securities Business Day, if the specified Floating Rate Option refers to a U.S. Government Securities Business Day.