VeriFone Holdings, Inc.
Form 3
November 10, 2008

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Dumbrell Jeffrey C
(Last) (First) (Middle)

45022 GARNER DRIVE
(Street)

ALPHARETTA,Â GAÂ 30004
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
11/01/2008

3. Issuer Name **and** Ticker or Trading Symbol
VeriFone Holdings, Inc. [PAY]

4. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
Executive Vice President

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	1,000	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

				Shares		(I) (Instr. 5)	
Non-Qualified Stock Option (right to buy)	Â (1)	04/29/2012	Common Stock	2,188	$ 10	D	Â
Non-Qualified Stock Option (right to buy)	Â (2)	06/30/2012	Common Stock	1,313	$ 16.25	D	Â
Non-Qualified Stock Option (right to buy)	Â (3)	09/02/2015	Common Stock	200,000	$ 19.99	D	Â
Non-Qualified Stock Option (right to buy)	Â (4)	07/03/2013	Common Stock	8,250	$ 29.28	D	Â
Non-Qualified Stock Option (right to buy)	Â (5)	01/03/2014	Common Stock	20,000	$ 35.45	D	Â
Non-Qualified Stock Option (right to buy)	Â (6)	04/02/2014	Common Stock	50,000	$ 36.43	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Dumbrell Jeffrey C 45022 GARNER DRIVE ALPHARETTA,Â GAÂ 30004	Â	Â	Â Executive Vice President	Â

Signatures

/s/ Carolyn Belamide, Power of Attorney for Jeffrey Dumbrell	11/07/2008
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) 25% of this stock option vested on May 1, 2006. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested.

(2) 25% of this stock option vested on July 1, 2006. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested.

(3) 25% of this stock option vests on September 2, 2009. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested.

(4) 25% of this stock option vested on July 3, 2007. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested.

(5) 25% of this stock option vested on January 3, 2008. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested

(6) 25% of this stock option vested on April 2, 2008. An additional 6.25% of this stock option vests at the end of each subsequent three month period thereafter until this stock option has fully vested.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ont>

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Citizenship or Place of Organization
England

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	Sole Voting Power -0-
	8	Shared Voting Power 6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)
	9	Sole Dispositive Power -0-
	10	Shared Dispositive Power 6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)

11 Aggregate Amount Beneficially Owned by Each Reporting Person

6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)

12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares o

13 Percent of Class Represented by Amount in Row (11)

19.0% (2)

14 Type of Reporting Person (See Instructions)

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(1) Beneficial ownership of the above referenced Shares (as defined below) is being reported hereunder solely because Smith & Nephew plc may be deemed to have beneficial ownership of such Shares as a result of the Voting Agreements (as defined below). Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by Smith & Nephew, plc that it is the beneficial owner of any Shares for purposes of Section 13(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or for any other purpose, and such beneficial ownership thereof is expressly disclaimed.

(2) See Item 5 of this Schedule 13D.

1	Names of Reporting Persons. I.R.S. Identification Nos. of above persons. Smith & Nephew, Inc. 51-0123924		
2	Check the Appropriate Box if a Member of a Group		(a) o (b) o
3	SEC Use Only		
4	Source of Funds OO		
5	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6	Citizenship or Place of Organization Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7 Sole Voting Power -0-	
		8 Shared Voting Power 6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)	
		9 Sole Dispositive Power -0-	
		10 Shared Dispositive Power 6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)	
11	Aggregate Amount Beneficially Owned by Each Reporting Person 6,614,746 shares of common stock, including 5,805,921 shares of common stock issued upon conversion of Series A 3.00% Convertible Preferred Stock (1)(2)		
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13	Percent of Class Represented by Amount in Row (11) 19.0% (2)		
14	Type of Reporting Person (See Instructions) CO		

Explanation of Responses:

(1) Beneficial ownership of the above referenced Shares (as defined below) is being reported hereunder solely because Smith & Nephew, Inc. may be deemed to have beneficial ownership of such Shares as a result of the Voting Agreements (as defined below). Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by Smith & Nephew, Inc. that it is the beneficial owner of any Shares for purposes of the Exchange Act, or for any other purpose, and such beneficial ownership thereof is expressly disclaimed.

(2) See Item 5 of this Schedule 13D.

Item 1. Security and Issuer

The class of equity securities to which this statement relates is the common stock, $0.001 par value per share (the "Shares"), of ArthroCare Corporation, a Delaware corporation ("ArthroCare"). The principal executive offices of ArthroCare are located at 7000 West William Cannon, Building One, Austin, TX 78735.

Item 2. Identity and Background

(a)−(c) and (f) The names of the persons filing this statement are Smith & Nephew plc, an English public limited company ("S&N plc") and Smith & Nephew, Inc., a Delaware corporation and a wholly owned indirect subsidiary of S&N plc ("Parent," and together with S&N plc, the "Reporting Persons").

The address of the principal business and the principal office of S&N plc is 15 Adam Street, London WC2N 6LA. The address of the principal business and the principal office of Parent is 150 Minuteman Road, Andover, MA 01810.

The name, business address, present principal occupation or employment and citizenship of each director and executive officer of the Reporting Persons are set forth on Schedule A attached hereto, and are incorporated herein by reference. S&N plc, together with its subsidiaries, is a global medical technology business dedicated to helping improve people's lives, and with leadership positions in advanced surgical devices and advanced wound management. Parent is a wholly owned subsidiary of S&N plc.

(d) During the last five years, none of the Reporting Persons and, to the knowledge of the Reporting Persons, the persons set forth on Schedule A attached hereto has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons and, to the knowledge of the Reporting Persons, the persons set forth on Schedule A attached hereto was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, U.S. federal or state securities laws or finding any violations with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

On February 2, 2014, concurrently with the execution of the Merger Agreement (as defined below), and as an inducement for Parent and Merger Subsidiary (as defined below) to enter into the Merger Agreement, OEP AC Holdings, LLC and each of the directors of Arthrocare (collectively, the "Supporting Stockholders") entered into Voting Agreements (the "Voting Agreements") with Parent with respect to the Shares and the shares of Series A 3.00% Convertible Preferred Stock, $0.001 par value (the "Series A Preferred Shares", and, together with the Shares, the "Voting Shares"), of ArthroCare beneficially owned by the Supporting Stockholders. As of January 29, 2014, the Supporting Stockholders collectively controlled 232,731 Shares and 75,000 Series A Preferred Shares, representing approximately 17.6% of the combined voting power of the outstanding Voting Shares on an as-converted basis. As described in response to Item 4, the Voting Shares beneficially owned by the Supporting Stockholders have not been purchased by the Reporting Persons, and thus no funds were used for such purpose. Parent did not pay any monetary consideration to the Supporting Stockholders in connection with the execution and delivery of the Voting Agreements. For a description of the Voting Agreements, see Item 4 below, which description is incorporated by reference in response to this Item 3.

Item 4. Purpose of Transaction

The purpose of the Voting Agreements is to facilitate the consummation of the transactions contemplated by the Merger Agreement.

The Merger Agreement

On February 2, 2014, ArthroCare, Parent, Rosebud Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of Parent ("Merger Subsidiary"), and S&N plc entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Parent will acquire ArthroCare by means of a merger of Merger Subsidiary with and into ArthroCare (the "Merger"), with ArthroCare being the surviving corporation and a wholly owned subsidiary of Parent (the "Surviving Corporation").

At the effective time of the Merger, each issued and outstanding Share (other than Shares held by ArthroCare or its subsidiaries, Parent or its subsidiaries or a stockholder who properly demands appraisal of such Shares under Delaware law) will be converted into the right to receive $48.25 per share in cash (the "Merger Consideration").

At the effective time of the Merger, each equity award of ArthroCare, including each option to acquire Shares, whether vested or unvested ("ArthroCare Option"), stock appreciation right of ArthroCare, whether vested or unvested ("ArthroCare Share Appreciation Right"), ArthroCare restricted stock unit, whether or not then exercisable or vested ("ArthroCare RSU") and ArthroCare performance share ("ArthroCare Performance Share") that is outstanding immediately prior to the Merger will be canceled and, in exchange, Parent will cause the Surviving Corporation to pay each holder of a cancelled ArthroCare Option, ArthroCare Share Appreciation Right, ArthroCare RSU and ArthroCare Performance Share, a cash amount, if any, equal to the product of (i) the Merger Consideration less any applicable exercise price per share, and (ii) the number of Shares covered by such ArthroCare Option, ArthroCare Stock Appreciation Right, ArthroCare RSU and, to the extent of attained performance (subject to a minimum number of 1/3 of the target number of ArthroCare Performance Shares), ArthroCare Performance Share, subject to reduction for withholding taxes. Each of ArthroCare and Parent made customary representations, warranties and covenants in the Merger Agreement, including, among others, covenants by ArthroCare to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger.

The completion of the Merger is subject to customary conditions, including approval by ArthroCare's stockholders, the absence of any material adverse effect on ArthroCare's business and receiving antitrust approvals (including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended).

The Voting Agreements

On February 2, 2014, Parent entered into voting agreements (the "Voting Agreements") with the Supporting Stockholders.

The Voting Agreements require each Supporting Stockholder to vote (or cause to be voted) such Supporting Stockholder's Voting Shares (i) in favor of the adoption and approval of the Merger Agreement and approval of the Merger and other transactions contemplated by the Merger Agreement, (ii) in favor of any proposal to adjourn or postpone any meeting of the stockholders of ArthroCare at which any of the foregoing matters are submitted for consideration to solicit additional votes and (iii) against any Acquisition Proposal (as defined by the Merger Agreement) and certain other actions that would reasonably be expected to interfere with consummation of the Merger. Pursuant to the Voting Agreements, each Supporting Stockholder waives appraisal rights and provides an irrevocable proxy appointing Parent and any designee of Parent as such Supporting Stockholder's proxy and attorney-in-fact to vote such Supporting Stockholder's Voting Shares in accordance with the foregoing. The Voting Agreements do not limit or restrict the Supporting Stockholder in his or her capacity as a director or officer from acting in such capacity or voting in such capacity in such person's sole discretion on any matter.

The Voting Agreements and irrevocable proxies granted pursuant to the Voting Agreements terminate upon the earlier to occur of: (i) termination of the Merger Agreement in accordance with its terms, (ii) the date on which there is any material modification, waiver or amendment to the Merger Agreement that is adverse to the Supporting Stockholder and not approved by the Supporting Stockholder and (iii) the effective time of the Merger.

To the extent that any Supporting Stockholder acquires beneficial ownership of any Voting Shares during the term of the Voting Agreements, such Voting Shares will become subject to the terms of the Voting Agreements to the same extent as though such Voting Shares were owned by such Supporting Stockholder as of the date of the Voting Agreements.

Until the earlier of the termination of the Voting Agreements and the date on which the Merger Agreement is adopted by ArthroCare's stockholders, each Supporting Stockholder is prohibited from transferring any Voting Shares beneficially owned by such Supporting Stockholder, subject to certain exceptions. Each Supporting Stockholder has also agreed not to (i) solicit or encourage competing acquisition proposals, (ii) enter into or participate in discussions or negotiations regarding competing acquisition proposals, (iii) make or participate in a solicitation of proxies in connection with any vote of ArthroCare's stockholders other than to recommend the approval of the Merger Agreement and the transactions contemplated thereby as provided in the Voting Agreements or (iv) approve, adopt, recommend or enter into, or publicly propose to approve, adopt, recommend or enter into, any agreement with respect to a competing acquisition proposal. Notwithstanding the foregoing, to the extent ArthroCare is permitted under the Merger Agreement to enter into discussion or negotiations with respect to a competing acquisition proposal, each Supporting Stockholder may participate in any discussions or negotiations regarding a possible stockholders' consent or voting agreement in connection with such competing acquisition proposal.

The foregoing description of the Merger Agreement and Voting Agreements does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement and the Voting Agreements. Copies of the Merger Agreement, Form of Voting Agreement between Parent, OEP AC Holdings LLC, Christian P. Ahrens and Gregory A. Belinfanti and Form of Voting Agreement between Parent and each of David Fitzgerald, Barbara D. Boyan, Ph.D., James G. Foster, Terrence E. Geremski, Tord B. Lendau, Peter L. Wilson, Fabiana Lacerca-Allen are filed as Exhibits 2.1 and 99.1 and 99.2, respectively, to ArthroCare's amended current report on Form 8-K filed on February 3, 2014.

Except as set forth in this Item 4 and in connection with the transactions contemplated by the Merger Agreement and the Voting Agreements, none of the Reporting Persons and, to the knowledge of the Reporting Persons, the persons set forth on Schedule A hereto, has any plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D (although each of the Reporting Persons reserves the right to develop such plans).

The Merger Agreement has been attached as an exhibit to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about ArthroCare, the Reporting Persons or Merger Subsidiary. The representations, warranties and covenants contained in the Merger Agreement were made only for the purposes of such agreement and as of specified dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of ArthroCare, the Reporting Persons or any of their respective subsidiaries or affiliates. In addition, the assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in a confidential disclosure schedule that the parties have exchanged. Accordingly, investors should not rely on the representations and warranties as characterizations of the actual state of facts, since (i) they were made only as of the date of such agreement or a prior, specified date, (ii) in some cases they are subject to qualifications with respect to materiality, knowledge and/or other matters and (iii) they may be modified in important part by the underlying disclosure schedule. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in ArthroCare's or the Reporting Persons' public disclosures.

Item 5. Interest in Securities of the Issuer

The beneficial ownership percentages described in this Schedule 13D are based on 34,948,044 Shares deemed to be outstanding as of January 29, 2014, calculated as the sum of (i) 28,566,029 Shares outstanding on January 29, 2014, as

represented by ArthroCare in the Merger Agreement, (ii) 5,805,921 Shares issuable upon conversion of the Series A Preferred Shares subject to the Voting Agreements, as represented by ArthroCare in the Merger Agreement, (iii) an aggregate of 291,227 Shares issuable upon the exercise of options held by Supporting Stockholders that are currently exercisable or exercisable within 60 days, (iv) an aggregate of 72,473 Shares underlying deferred restricted stock units that are vested or vest within 60 days, (v) an aggregate of 154,809 Shares underlying

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unvested restricted stock units, (vi) an aggregate of 2,500 Shares with shared distribution rights and (vii) an aggregate of 55,085 Shares underlying certain other equity compensation awards. ArthroCare subsequently informed the Reporting Persons that on February 11, 2014, the Series A Preferred Shares automatically converted into Shares pursuant to Section 7(b) of ArthroCare's Certificate of Designation for the Series A Preferred Shares.

(a) As a result of the Voting Agreements, based on information provided by ArthroCare, the Reporting Persons may be deemed for purposes of Rule 13d-3 promulgated under the Exchange Act to beneficially own 6,614,746 Shares (calculated as the sum of (i) 6,038,652 Shares held by the Supporting Stockholders (including 5,805,921 Shares issued upon conversion of Series A Preferred Shares), (ii) an aggregate of 291,227 Shares issuable upon the exercise of options held by Supporting Stockholders that are currently exercisable or exercisable within 60 days, (iii) an aggregate of 72,473 Shares underlying deferred restricted stock units that are vested or vest within 60 days, (iv) an aggregate of 154,809 Shares underlying unvested restricted stock units, (v) an aggregate of 2,500 Shares with shared distribution rights and (vi) an aggregate of 55,085 Shares underlying certain other equity compensation awards, representing approximately 19.0% of the Shares deemed to be outstanding as of January 29, 2014. As of January 29, 2014, the Shares and Series A Preferred Shares subject to the Voting Agreements represent in the aggregate approximately 19.0% of the combined voting power of the outstanding Shares based on ArthroCare's representations in the Merger Agreement that there were 28,566,029 Shares and 75,000 Series A Preferred Shares outstanding on January 29, 2014. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owner of any Shares for purposes of Section 13(d) of the Exchange Act, or for any other purpose, and such beneficial ownership thereof is expressly disclaimed.

Except as set forth in this Item 5(a), none of the Reporting Persons, and to the best knowledge of the Reporting Persons, the persons set forth on Schedule A hereto beneficially owns any Shares.

(b) The Reporting Persons are not entitled to any rights of a stockholder of ArthroCare as to any Shares. Except to the extent that it may be deemed to by virtue of the Voting Agreements, none of the Reporting Persons have the sole or shared power to vote or to direct the vote, or the sole or shared power to dispose or to direct the disposition of, any of the Shares.

(c) Except for the execution and delivery of the Merger Agreement and the Voting Agreements, none of the Reporting Persons and, to the knowledge of the Reporting Persons, the persons set forth on Schedule A hereto has effected any transaction in the Shares during the past 60 days.

(d) Except for the Merger Agreement and the Voting Agreements and the transactions contemplated by those agreements, none of the Reporting Persons and, to the knowledge of the Reporting Persons, the persons set forth on Schedule A hereto has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of ArthroCare reported herein.

(e) Inapplicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Other than as described in Items 3, 4 and 5, to the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 or between such persons and any other person with respect to any securities of ArthroCare, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, including any securities pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities other than standard default and similar provisions contained in loan agreements.

Explanation of Responses:

Item 7. Material to be Filed as Exhibits

Exhibit Number	Exhibit Name
1.	Joint Filing Agreement, dated as of February12, 2014, by and between the Reporting Persons.
2.	Agreement and Plan of Merger, dated as of February 2, 2014, between ArthroCare Corporation, Smith & Nephew, Inc., Rosebud Acquisition Corporation and Smith & Nephew plc (incorporated by reference to Exhibit 2.1 to ArthroCare's Amended Current Report on Form 8-K filed February 3, 2014).
3.	Form of Voting Agreement between Parent, OEP AC Holdings LLC, Christian P. Ahrens and Gregory A. Belinfanti (incorporated by reference to Exhibit 99.1 to ArthroCare's Amended Current Report on Form 8-K filed February 3, 2014).
4.	Form of Voting Agreement between Parent and each of David Fitzgerald, Barbara D. Boyan, Ph.D., James G. Foster, Terrence E. Geremski, Tord B. Lendau, Peter L. Wilson, Fabiana Lacerca-Allen (incorporated by reference to Exhibit 99.2 to ArthroCare's Amended Current Report on Form 8-K filed February 3, 2014).

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

February 12, 2014

Smith & Nephew plc

By: /s/ Susan Margaret Swabey
Name: Susan Margaret Swabey
Title: Authorized Signatory

By: /s/ Cyrille Y. Petit
Name: Cyrille Y. Petit
Title: Authorized Signatory

Smith & Nephew, Inc.

By: /s/ Susan Margaret Swabey
Name: Susan Margaret Swabey
Title: Authorized Signatory

By: /s/ Cyrille Y. Petit
Name: Cyrille Y. Petit
Title: Authorized Signatory

Explanation of Responses:

SCHEDULE A

DIRECTORS AND EXECUTIVE OFFICERS OF SMITH & NEPHEW PLC

The name, business address, present principal occupation and citizenship of each of the directors and executive officers of S&N plc are set forth below. Directors are noted with an asterisk.

Name and Business Address	Present Principal Occupation (principal business of employer)	Name and Address of Corporation or Other Organization (if different from address provided in Column 1)	Citizenship
Sir John Buchanan* Smith & Nephew plc 15 Adam Street, London WC2N 6LA	Chairman of Smith & Nephew plc Portfolio independent director of various companies		United Kingdom and New Zealand
Olivier Bohuon* Smith & Nephew plc 15 Adam Street, London WC2N 6LA	Chief Executive Officer of Smith & Nephew plc		France
Julie Brown* Smith & Nephew plc 15 Adam Street, London WC2N 6LA	Chief Financial Officer of Smith & Nephew plc		United Kingdom
Ian Barlow* Smith & Nephew plc 15 Adam Street, London WC2N 6LA	Independent Non-Executive Director of Smith & Nephew plc Portfolio independent director of various companies		United Kingdom
The Rt Hon Baroness Bottomley of Nettlestone DL* Smith & Nephew plc 15 Adam Street, London WC2N 6LA	Independent Non-Executive Director of Smith & Nephew plc Portfolio independent director of various companies	• a suspension, absence or limitation of trading in futures or options contracts relating to an index on their respective markets;	

any event that disrupts or impairs, as determined by the calculation agent, the ability of market participants to (i) effect transactions in, or obtain market values for, index components constituting 20% or more, by weight, of such index, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to such index on their respective markets;

- the closure on any day of the primary market for futures or options contracts relating to such index or index components constituting 20% or more, by weight, of such index on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading

session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;

- any scheduled trading day on which (i) the primary markets for index components constituting 20% or more, by weight, of such index or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on such index are traded, fails to open for trading during its regular trading session; or
- any other event, if the calculation agent determines in its sole discretion that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the Notes that we or our affiliates have effected or may effect.

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due January 26, 2024

INFORMATION REGARDING THE REFERENCE ASSETS

We have derived the following information regarding each of the applicable Reference Assets from publicly available documents. We have not independently verified the accuracy or completeness of the following information.

iShares® MSCI EAFE ETF (the "EFA")

The shares of the EFA are issued by iShares, Inc. ("iShares®"), a registered investment company, which consists of numerous separate investment portfolios, including the EFA. The EFA seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI EAFE Index (the "Underlying Index"). BlackRock Fund Advisors (the "Advisor") serves as the investment advisor to the EFA. The EFA typically earns income from dividends from securities held by the EFA. These amounts, net of expenses and taxes (if applicable), are passed along to the EFA's shareholders as "ordinary income." In addition, the EFA realizes capital gains or losses whenever it sells securities. Net long-term capital gains are distributed to shareholders as "capital gain distributions." However, because the Notes are linked only to the share price of the EFA, you will not be entitled to receive income, dividend, or capital gain distributions from the EFA or any equivalent payments.

Information provided to or filed with the SEC by iShares® under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 can be located at the SEC's facilities or through the SEC's website by reference to SEC file numbers 033-97598 and 811-09102, respectively. We have not independently verified the accuracy or completeness of the information or reports prepared by iShares®.

The selection of the EFA is not a recommendation to buy or sell the shares of the EFA. Neither we nor any of our affiliates make any representation to you as to the performance of the shares of the EFA.

"iShares®" and "BlackRock®" are registered trademarks of BlackRock, Inc. ("BlackRock®"). BlackRock® has licensed certain trademarks and trade names of BlackRock® for our use. The Notes are not sponsored, endorsed, sold, or promoted by BlackRock®, or by iShares®. Neither BlackRock® nor iShares® make any representations or warranties to the owners of the Notes or any member of the public regarding the advisability of investing in the Notes. Neither BlackRock® nor iShares® shall have any obligation or liability in connection with the registration, operation, marketing, trading, or sale of the Notes or in connection with our use of information about the iShares® funds.

General

The EFA trades on the NYSE Arca under the ticker symbol "EFA." The Advisor employs a technique known as representative sampling to track the Underlying Index. The EFA generally invests at least 90% of its assets in the securities of the Underlying Index and in American Depositary Receipts or Global Depositary Receipts based on the securities of the Underlying Index. The EFA may invest the remainder of its assets in securities not included in the Underlying Index, but which the Advisor believes will help the EFA track the Underlying Index, or in futures contracts, options on futures contracts, other types of options and swaps related to the Underlying Index, as well as cash and cash equivalents, including shares of money market funds affiliated with the Advisor or its affiliates. The Advisor will waive portfolio management fees in an amount equal to the portfolio management fees of such other iShares funds for any portion of the EFA's assets invested in shares of such other funds.

Investment Objective and Strategy

The EFA seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in developed markets, as represented by the Underlying Index. The EFA's investment objective and the Underlying Index may be changed at any time without shareholder approval.

The return on the Notes is linked to the performance of the EFA, and not to the performance of the Underlying Index on which the EFA is based. Although the EFA seeks results that correspond generally to the performance of the Underlying Index, the EFA follows a strategy of "representative sampling," which means the EFA's holdings do not

identically correspond to the holdings and weightings of the Underlying Index, and may significantly diverge from the Underlying Index. Although the EFA generally invests at least 90% of its assets in some of the same securities as those contained in the Underlying Index and in depositary receipts representing the same securities as those contained in the Underlying Index, it does not hold all of the securities underlying the Underlying Index and may invest the remainder in securities that are not contained in the Underlying Index, or in other types of investments. Currently, the EFA holds substantially fewer securities than the Underlying Index. Additionally, when the EFA purchases securities not held by the Underlying Index, the EFA may be exposed to additional risks, such as counterparty credit risk or liquidity risk, to which the Underlying Index components are not exposed. Therefore, the EFA will not directly track the performance of the Underlying Index and there may be significant variation between the performance of the EFA and the Underlying Index on which it is based.

Representative Sampling

The Advisor uses a representative sampling strategy to track the Underlying Index. Representative sampling is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Underlying Index. The

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securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Underlying Index. Funds may or may not hold all of the securities that are included in the Underlying Index.

Correlation

The Underlying Index is a theoretical financial calculation, while the EFA is an actual investment portfolio. The performance of the EFA and the index will vary somewhat due to transaction costs, foreign currency valuations, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the EFA's portfolio and the index resulting from legal restrictions (such as diversification requirements that apply to the EFA but not to the index) or representative sampling. A figure of 100% would indicate perfect correlation. Any correlation of less than 100% is called "tracking error." The EFA, using representative sampling, can be expected to have a greater tracking error than a EFA using a replication indexing strategy. "Replication" is a strategy in which a fund invests in substantially all of the securities in its Underlying Index in approximately the same proportions as in the Underlying Index.

Share Prices

The approximate value of one share of the EFA is disseminated every fifteen seconds throughout the trading day by the national securities exchange on which the EFA is listed or by other information providers or market data vendors. This approximate value should not be viewed as a "real-time" update of the net asset value, because the approximate value may not be calculated in the same manner as the net asset value, which is computed once a day. The approximate value generally is determined by using current market quotations and/or price quotations obtained from broker-dealers that may trade in the portfolio securities held by the EFA. The EFA is not involved in, or responsible for, the calculation or dissemination of the approximate value and makes no warranty as to its accuracy.

The MSCI EAFE Index

The information below is included only to give insight to the MSCI EAFE Index, the performance of which the EFA attempts to reflect. The Notes are linked to the performance of the EFA and not to the MSCI EAFE Index. We have derived all information contained in this document regarding the MSCI EAFE Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. The MSCI EAFE Index is a stock index calculated, published and disseminated daily by MSCI, Inc. ("MSCI"), a majority-owned subsidiary of Morgan Stanley, through numerous data vendors, on the MSCI website and in real time on Bloomberg Financial Markets and Reuters Limited. Neither MSCI nor Morgan Stanley has any obligation to continue to calculate and publish, and may discontinue calculation and publication of the MSCI EAFE Index

The MSCI EAFE Index is a free float-adjusted market capitalization index with a base date of December 31, 1969 and an initial value of 100. The MSCI EAFE Index is calculated daily in U.S. dollars and published in real time every 60 seconds during market trading hours. The MSCI EAFE Index currently consists of the following 21 developed countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI EAFE Index is comprised of companies in both the Large Cap Index and Mid Cap Index, as discussed in the section "—Defining Market Capitalization Size Segments for Each Market" below. The MSCI EAFE Index is part of the MSCI Regional Equity Indices series and is an MSCI Global Investable Market Index, which is a family within the MSCI International Equity Indices.

General – MSCI Indices

MSCI provides global equity indices intended to measure equity performance in international markets and the MSCI International Equity Indices are designed to serve as global equity performance benchmarks. In constructing these indices, MSCI applies its index construction and maintenance methodology across developed, emerging, and frontier markets.

MSCI enhanced the methodology used in its MSCI International Equity Indices. The MSCI Standard and MSCI Small Cap Indices, along with the other MSCI equity indices based on them, transitioned to the global investable market indices methodology described below. The transition was completed at the end of May 2008. The Enhanced MSCI Standard Indices are composed of the MSCI Large Cap and Mid Cap Indices. The MSCI Global Small Cap Index transitioned to the MSCI Small Cap Index resulting from the Global Investable Market Indices methodology and contains no overlap with constituents of the transitioned MSCI Standard Indices. Together, the relevant MSCI Large Cap, Mid Cap, and Small Cap Indices will make up the MSCI investable market index for each country, composite, sector, and style index that MSCI offers.

Constructing the MSCI Global Investable Market Indices. MSCI undertakes an index construction process, which involves:

·defining the equity universe;

·determining the market investable equity universe for each market;

·determining market capitalization size segments for each market;

·applying index continuity rules for the MSCI Standard Index;

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- creating style segments within each size segment within each market; and
- classifying securities under the Global Industry Classification Standard (the "GICS").

Defining the Equity Universe. The equity universe is defined by:

- Identifying Eligible Equity Securities: the equity universe initially looks at securities listed in any of the countries in the MSCI Global Index Series, which will be classified as either Developed Markets ("DM") or Emerging Markets ("EM"). All listed equity securities, including Real Estate Investment Trusts, are eligible for inclusion in the equity universe. Conversely, mutual funds, ETFs, equity derivatives and most investment trusts are not eligible for inclusion in the equity universe.
- Classifying Eligible Securities into the Appropriate Country: each company and its securities (i.e., share classes) are classified in only one country.

Effective with the November 2015 semi-annual index review, companies traded outside of their country of classification (i.e., "foreign listed companies") became eligible for inclusion in the MSCI Country Investable Market Indexes along with the applicable MSCI Global Index. In order for a MSCI Country Investable Market Index to be eligible to include foreign listed companies, it must meet the Foreign Listing Materiality Requirement. To meet the Foreign Listing Materiality Requirement, the aggregate market capitalization of all securities represented by foreign listings should represent at least (i) 5% of the free float-adjusted market capitalization of the relevant MSCI Country Investable Market Index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index.

Determining the Market Investable Equity Universes. A market investable equity universe for a market is derived by applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is equivalent to a single country, except in DM Europe, where all DM countries in Europe are aggregated into a single market for index construction purposes. Subsequently, individual DM Europe country indices within the MSCI Europe Index are derived from the constituents of the MSCI Europe Index under the global investable market indices methodology.

The investability screens used to determine the investable equity universe in each market are as follows:

- Equity Universe Minimum Size Requirement: this investability screen is applied at the company level. In order to be included in a market investable equity universe, a company must have the required minimum full market capitalization.
- Equity Universe Minimum Free Float–Adjusted Market Capitalization Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float–adjusted market capitalization equal to or higher than 50% of the equity universe minimum size requirement.
- DM and EM Minimum Liquidity Requirement: This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have adequate liquidity. The twelve-month and three-month Annual Traded Value Ratio ("ATVR"), a measure that screens out extreme daily trading volumes and takes into account the free float–adjusted market capitalization size of securities, together with the three-month frequency of trading are used to measure liquidity. A minimum liquidity level of 20% of three- and twelve-month ATVR and 90% of three-month frequency of trading over the last four consecutive quarters are required for inclusion of a security in a market investable equity universe of a DM, and a minimum liquidity level of 15% of three- and twelve-month ATVR and 80% of three-month frequency of trading over the last four consecutive quarters are required for inclusion of a security in a market investable equity universe of an EM.

- Global Minimum Foreign Inclusion Factor Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe.
- Minimum Length of Trading Requirement: this investability screen is applied at the individual security level. For an initial public offering ("IPO") to be eligible for inclusion in a market investable equity universe, the new issue must have started trading at least three months before the implementation of a semi−annual index review (as described below). This requirement is applicable to small new issues in all markets. Large IPOs are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and the Standard Index outside of a Quarterly or Semi−Annual Index Review.
- Minimum Foreign Room Requirement: this investability screen is applied at the individual security level. For a security that is subject to a foreign ownership limit to be eligible for inclusion in a market investable equity universe, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as "foreign room") must be at least 15%.

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Defining Market Capitalization Size Segments for Each Market. Once a market investable equity universe is defined, it is segmented into the following size−based indices:
· Investable Market Index (Large + Mid + Small);
· Standard Index (Large + Mid);
· Large Cap Index;
· Mid Cap Index; or
· Small Cap Index.
Creating the size segment indices in each market involves the following steps:
· defining the market coverage target range for each size segment;
· determining the global minimum size range for each size segment;
· determining the market size segment cutoffs and associated segment number of companies;
· assigning companies to the size segments; and
· applying final size−segment investability requirements.
Index Continuity Rules for the Standard Indices. In order to achieve index continuity, as well as to provide some basic level of diversification within a market index, and notwithstanding the effect of other index construction rules described in this section, a minimum number of five constituents will be maintained for a DM Standard Index and a minimum number of three constituents will be maintained for an EM Standard Index.
Creating Style Indices within Each Size Segment. All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology.
Classifying Securities under the Global Industry Classification Standard. All securities in the global investable equity universe are assigned to the industry that best describes their business activities. To this end, MSCI has designed, in conjunction with S&P Dow Jones Indexes, the GICS. Under the GICS, each company is assigned to one sub−industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS.
Index Maintenance
The MSCI Global Investable Market Indices are maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of the indices, index stability and low index turnover. In particular, index maintenance involves:
(i) Semi−Annual Index Reviews (“SAIRs”) in May and November of the Size Segment and Global Value and Growth Indices which include:
· updating the indices on the basis of a fully refreshed equity universe;
· taking buffer rules into consideration for migration of securities across size and style segments; and
· updating FIFs and Number of Shares (“NOS”).
(ii) Quarterly Index Reviews in February and August of the Size Segment Indices aimed at:
· including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index;
· allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR; and
· reflecting the impact of significant market events on FIFs and updating NOS.
(iii) Ongoing Event−Related Changes: changes of this type are generally implemented in the indices as they occur. Significantly large IPOs are included in the indices after the close of the company’s tenth day of trading.

None of us, RBCCM or any of our other affiliates accepts any responsibility for the calculation, maintenance, or publication of, or for any error, omission, or disruption in, the index or any successor to the index.

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Historical Information for the iShares® MSCI EAFE ETF ("EFA")
The graph below sets forth the information relating to the historical performance of the EFA. In addition, below the graph is a table setting forth the intra-day high, intra-day low and period-end closing prices of the EFA. The information provided in this table is for the period from January 1, 2013 through January 23, 2018.
We obtained the information regarding the historical performance of the EFA in the chart below from Bloomberg Financial Markets.
We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical performance of the EFA should not be taken as an indication of its future performance, and no assurance can be given as to the Final Level of the EFA. We cannot give you assurance that the performance of the EFA will result in any positive return on your initial investment.

Period-Start Date	Period-End Date	High Intra-Day Price of the EFA (in $)	Low Intra-Day Price of the EFA (in $)	Period-End Closing Price of the EFA (in $)
1/1/2013	3/31/2013	59.99	56.69	58.98
4/1/2013	6/30/2013	64.13	56.45	57.38
7/1/2013	9/30/2013	65.11	57.02	63.79
10/1/2013	12/31/2013	67.36	62.54	67.06
1/1/2014	3/31/2014	68.19	62.28	67.17
4/1/2014	6/30/2014	70.78	65.69	68.37
7/1/2014	9/30/2014	69.29	63.85	64.12
10/1/2014	12/31/2014	64.54	58.64	60.84
1/1/2015	3/31/2015	66.20	58.29	64.17
4/1/2015	6/30/2015	68.52	63.27	63.49
7/1/2015	9/30/2015	65.60	55.89	57.32
10/1/2015	12/31/2015	62.18	56.99	58.75
1/1/2016	3/31/2016	58.06	50.94	57.13
4/1/2016	6/30/2016	60.16	51.94	55.81
7/1/2016	9/30/2016	60.15	53.77	59.13
10/1/2016	12/31/2016	59.35	56.11	57.73
1/1/2017	3/31/2017	62.65	57.85	62.29
4/1/2017	6/30/2017	67.24	61.35	65.20
7/1/2017	9/30/2017	68.68	64.56	68.48
10/1/2017	12/31/2017	70.96	68.14	70.31
1/1/2018	1/23/2018	74.80	70.43	74.75

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EURO STOXX 50® Index ("SX5E")

The SX5E was created by STOXX Limited ("STOXX"), a subsidiary of Deutsche Börse AG. Publication of the SX5E began in February 1998, based on an initial index level of 1,000 at December 31, 1991.

Composition and Maintenance

The SX5E is composed of 50 component stocks of market sector leaders from within the 19 EURO STOXX® Supersector indices, which represent the Eurozone portion of the STOXX Europe 600® Supersector indices.

The composition of the SX5E is reviewed annually, based on the closing stock data on the last trading day in August. The component stocks are announced on the first trading day in September. Changes to the component stocks are implemented on the third Friday in September and are effective the following trading day. Changes in the composition of the SX5E are made to ensure that the SX5E includes the 50 market sector leaders from within the SX5E.

The free float factors for each component stock used to calculate the SX5E, as described below, are reviewed, calculated, and implemented on a quarterly basis and are fixed until the next quarterly review.

The SX5E is also reviewed on an ongoing basis. Corporate actions (including initial public offerings, mergers and takeovers, spin-offs, delistings, and bankruptcy) that affect the SX5E composition are announced immediately, implemented two trading days later, and become effective on the next trading day after implementation.

Calculation of the SX5E

The SX5E is calculated with the "Laspeyres formula," which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The formula for calculating the SX5E value can be expressed as follows:

$$\text{SX5E} = \frac{\text{Free float market capitalization of the SX5E}}{\text{Divisor}} \text{ x } 1{,}000$$

The "free float market capitalization of the SX5E" is equal to the sum of the products of the closing price, market capitalization, the number of shares, the free float factor and weighing cap factor for each component stock as of the time the SX5E is being calculated.

The SX5E is also subject to a divisor, which is adjusted to maintain the continuity of the SX5E values across changes due to corporate actions, such as the deletion and addition of stocks, the substitution of stocks, stock dividends, and stock splits.

License Agreement

We have entered into a non-exclusive license agreement with STOXX providing for the license to us and certain of our affiliated or subsidiary companies, in exchange for a fee, of the right to use indices owned and published by STOXX (including the SX5E) in connection with certain securities, including the Notes offered hereby.

The license agreement between us and STOXX requires that the following language be stated in this document:

STOXX has no relationship to us, other than the licensing of the SX5E and the related trademarks for use in connection with the Notes. STOXX does not:

- sponsor, endorse, sell, or promote the Notes;
- recommend that any person invest in the Notes offered hereby or any other securities;
- have any responsibility or liability for or make any decisions about the timing, amount, or pricing of the Notes;
- have any responsibility or liability for the administration, management, or marketing of the Notes; or
- consider the needs of the Notes or the holders of the Notes in determining, composing, or calculating the SX5E, or have any obligation to do so.

STOXX will not have any liability in connection with the Notes. Specifically:

- STOXX does not make any warranty, express or implied, and disclaims any and all warranty concerning:

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the results to be obtained by the Notes, the holders of the Notes or any other person in connection with the use of the SX5E and the data included in the SX5E;

- the accuracy or completeness of the SX5E and its data;
- the merchantability and the fitness for a particular purpose or use of the SX5E and its data;
- STOXX will have no liability for any errors, omissions, or interruptions in the SX5E or its data; and

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- Under no circumstances will STOXX be liable for any lost profits or indirect, punitive, special, or consequential damages or losses, even if STOXX knows that they might occur.

The licensing agreement between us and STOXX is solely for their benefit and our benefit, and not for the benefit of the holders of the Notes or any other third parties.

Historical Information for the EURO STOXX 50® Index ("SX5E")

The graph below sets forth the information relating to the historical performance of the SX5E. In addition, below the graph is a table setting forth the intra-day high, intra-day low and period-end closing levels of the SX5E. The information provided in this table is for the period from January 1, 2013 through January 23, 2018.

We obtained the information regarding the historical performance of the SX5E in the chart below from Bloomberg Financial Markets.

We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical performance of the SX5E should not be taken as an indication of its future performance, and no assurance can be given as to the Final Level of the SX5E. We cannot give you assurance that the performance of the SX5E will result in any positive return on your initial investment.

Period-Start Date	Period-End Date	High Intra-Day Level of this SX5E	Low Intra-Day Level of this SX5E	Period-End Closing Level of this SX5E
1/1/2013	3/31/2013	2,754.80	2,563.64	2,624.02
4/1/2013	6/30/2013	2,851.48	2,494.54	2,602.59
7/1/2013	9/30/2013	2,955.47	2,539.15	2,893.15
10/1/2013	12/31/2013	3,116.23	2,891.39	3,109.00
1/1/2014	3/31/2014	3,185.68	2,944.13	3,161.60
4/1/2014	6/30/2014	3,325.50	3,083.43	3,228.24
7/1/2014	9/30/2014	3,301.15	2,977.52	3,225.93
10/1/2014	12/31/2014	3,278.97	2,789.63	3,146.43
1/1/2015	3/31/2015	3,742.42	2,998.53	3,697.38
4/1/2015	6/30/2015	3,836.28	3,374.18	3,424.30
7/1/2015	9/30/2015	3,714.26	2,973.16	3,100.67
10/1/2015	12/31/2015	3,524.04	3,036.17	3,267.52
1/1/2016	3/31/2016	3,266.01	2,672.73	3,004.93
4/1/2016	6/30/2016	3,156.86	2,678.27	2,864.74
7/1/2016	9/30/2016	3,101.75	2,742.66	3,002.24
10/1/2016	12/31/2016	3,290.52	2,937.98	3,290.52
1/1/2017	3/31/2017	3,500.93	3,214.31	3,500.93
4/1/2017	6/30/2017	3,666.80	3,407.33	3,441.88
7/1/2017	9/30/2017	3,594.85	3,363.68	3,594.85
10/1/2017	12/31/2017	3,708.82	3,503.20	3,503.96
1/1/2018	1/23/2018	3,687.22	3,469.23	3,672.29

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SUPPLEMENTAL DISCUSSION OF
U.S. FEDERAL INCOME TAX CONSEQUENCES

The following disclosure supplements, and to the extent inconsistent supersedes, the discussion in the product prospectus supplement dated January 11, 2016 under "Supplemental Discussion of U.S. Federal Income Tax Consequences."

Under Section 871(m) of the Code, a "dividend equivalent" payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments ("ELIs") that are "specified ELIs" may be treated as dividend equivalents if such specified ELIs reference an interest in an "underlying security," which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2019. Based on our determination that the Notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Reference Assets or the Notes (for example, upon an equity index rebalancing), and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the Reference Assets or the Notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the Notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

Delivery of the Notes will be made against payment for the Notes on January 26, 2018, which is the third (3rd) business day following the Pricing Date (this settlement cycle being referred to as "T+3"). See "Plan of Distribution" in the prospectus dated January 8, 2016. For additional information as to the relationship between us and RBCCM, please see the section "Plan of Distribution—Conflicts of Interest" in the prospectus dated January 8, 2016.

We will deliver the Notes on a date that is greater than two business days following the trade date. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes more than two business days prior to the original Issue Date will be required to specify alternative arrangements to prevent a failed settlement.

In the initial offering of the Notes, they were offered to investors at a purchase price equal to par, except with respect to certain accounts as indicated on the cover page of this document.

The value of the Notes shown on your account statement may be based on RBCCM's estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. For a period of approximately 12 months after the issue date of the Notes, the value of the Notes that may be shown on your account statement may be higher than RBCCM's estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the

underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period may be a higher amount, reflecting the addition of RBCCM's underwriting discount and our estimated costs and profits from hedging the Notes. This excess is expected to decrease over time until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value.

We may use this pricing supplement in the initial sale of the Notes. In addition, RBCCM or another of our affiliates may use this pricing supplement in a market-making transaction in the Notes after their initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

No Prospectus (as defined in Directive 2003/71/EC, as amended (the "Prospectus Directive")) will be prepared in connection with these Notes. Accordingly, these Notes may not be offered to the public in any member state of the European Economic Area (the "EEA"), and any purchaser of these Notes who subsequently sells any of these Notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, and a "retail investor" means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (b) a customer, within the meaning of Insurance Distribution

Absolute Return Buffered Enhanced Return
Notes
Linked to the Lesser Performing of One
Exchange Traded Fund and One Equity Index,
Due January 26, 2024

Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

STRUCTURING THE NOTES

The Notes are our debt securities, the return on which is linked to the performance of the Reference Assets. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate, is a factor that reduced the initial estimated value of the Notes at the time their terms were set. Unlike the estimated value included in this pricing supplement, any value of the Notes determined for purposes of a secondary market transaction may be based on a different funding rate, which may result in a lower value for the Notes than if our initial internal funding rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Reference Assets, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduced the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors resulted in the initial estimated value for the Notes on the Pricing Date being less than their public offering price. See "Selected Risk Considerations—The Initial Estimated Value of the Notes Is Less than the Price to the Public" above.

VALIDITY OF THE NOTES

In the opinion of Norton Rose Fulbright Canada LLP, the issue and sale of the Notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Indenture, and when the Notes have been duly executed, authenticated and issued in accordance with the Indenture and delivered against payment therefor, the Notes will be validly issued and, to the extent validity of the Notes is a matter governed by the laws of the Province of Ontario or Québec, or the laws of Canada applicable therein, and will be valid obligations of the Bank, subject to equitable remedies which may only be granted at the discretion of a court of competent authority, subject to applicable bankruptcy, to rights to indemnity and contribution under the Notes or the Indenture which may be limited by applicable law; to insolvency and other laws of general application affecting creditors' rights, to limitations under applicable limitations statutes, and to limitations as to the currency in which judgments in Canada may be rendered, as prescribed by the Currency Act (Canada). This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario and Québec and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated January 8, 2016, which has been filed as Exhibit 5.1 to Royal Bank's Form 6-K filed with the SEC dated January 8, 2016.

In the opinion of Morrison & Foerster LLP, when the Notes have been duly completed in accordance with the Indenture and issued and sold as contemplated by the prospectus supplement and the prospectus, the Notes will be valid, binding and enforceable obligations of Royal Bank, entitled to the benefits of the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and to such counsel's reliance on the Bank and other sources as to certain factual matters, all as stated in the legal opinion dated January 8, 2016, which has been filed as Exhibit 5.2 to the Bank's Form 6-K dated January 8, 2016.