Notes:

1. Standard Chartered is an institution registered under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

2. LB ELNs were unrated structured notes that paid fixed and variable coupons in reference to the price of a stock or a basket of stocks and pursuant to a formula set forth by the issuer. Maturities ranged from six months to three years. The value of the LB ELNs would increase or decrease based upon the performance of the reference stocks. In certain instances based upon the performance of a referenced stock, an investor might be required to accept physical delivery of the worst performing referenced stock in redemption of the note resulting in a full or partial capital loss.

   LB ELNs were also subjected to the credit risks of Lehman Brothers and one of its subsidiaries as guarantor and issuer.

   The value, if any, of the outstanding LB ELNs is fully dependent on the outcome of bankruptcy proceedings concerning Lehman Brothers and its subsidiaries, which commenced in September and October 2008 and are ongoing. Accordingly, no current assessment can be made as to the prospects for payment to holders of the outstanding LB ELNs.

Standard Chartered sold over HK$5 billion worth of LB ELNs between August 2006 and June 2008 of which HK$2.19 billion worth remains outstanding. The 2,515 outstanding LB ELNs are held by 2,234 individual customers.

3. The repurchase offer is targeted at retail customers. The repurchase offer is available to all Standard Chartered customers holding outstanding LB ELNs who invested more than 5% of their Available Assets in not principal protected LB ELNs or 10% of their Available Assets in principal protected LB ELNs at the time of the purchase of the LB ELNs. The offer will exclude corporations (other than a corporation where the suitability assessment was based on an individual's circumstances rather than the corporation's, charities and not for profit organisations), professional investors, customers of The Standard Chartered Private Bank (the private banking division of Standard Chartered) and those who did not purchase the LB ELNs from Standard Chartered.

4. Concentration risk is the risk that a customer's available assets for investment are overly-exposed to the same set of risks, with the result that, if the investment fails, the total loss for the customer is much heavier than would be the case if the customer's investments were more suitably diversified.

   Most customers who will be eligible to receive a repurchase offer are holding not principal protected LB ELNs. Only about 3% of eligible customers are holding principal protected LB ELNs.

5. In the case of not principal protected LB ELNs, the repurchase price will be calculated as follows:

Available Assets		**$1,000,000**	
Amount invested in LB ELNs		**$500,000**	
Investment in LB ELNs		$500,000	
5% of total available assets	–	$50,000	($1,000,000 x 5%)
	=	$450,000	
	–	coupon paid for LB ELNs	
	+	interest of fixed term deposit	
	=	**Repurchase Offer Price**	

Available Assets		**$4,000,000**	
Amount invested in LB ELNs		**$500,000**	
Investment in LB ELNs		$500,000	
5% of total available assets	–	$200,000	($4,000,000 x 5%)
	=	$300,000	
	–	coupon paid for LB ELNs	
	+	interest of fixed term deposit	
	=	**Repurchase Offer Price**	

In the case of principal protected LB ELNs, the repurchase price will be calculated as follows:

Available Assets		**$1,000,000**
Amount invested in LB ELNs		**$500,000**
Investment in LB ELNs		$500,000
10% of total available assets	–	$100,000 ($1,000,000 x 10%)
	=	$400,000
	–	coupon paid for LB ELNs
	+	interest of fixed term deposit
	=	**Repurchase Offer Price**

Available Assets		**$4,000,000**
Amount invested in LB ELNs		**$500,000**
Investment in LB ELNs		$500,000
10% of total available assets	–	$400,000 ($4,000,000 x 10%)
	=	$100,000
	–	coupon paid for LB ELNs
	+	interest of fixed term deposit
	=	**Repurchase Offer Price**

6. The calculation of the interest is based on the value of the customer's total investment in outstanding LB ELNs less the coupon payments and less the relevant concentration risk limits, using the average of interest rates actually paid by Standard Chartered on a 12-month fixed term deposit, which are the highest rates across different maturities for fixed term deposits, for the period between the date of purchase of the relevant LB ELNs and 31 January 2011, to be paid up to 31 March 2011.

7. In the unlikely event that it is determined at a later date that a customer accepting a repurchase offer would have received a greater amount as an unsecured creditor in the Lehman Bankruptcy, Standard Chartered will pay the difference to that customer, such that no customer shall be disadvantaged by participating in the repurchase scheme.

8. Please follow a set of questions and answers about the proposed repurchase scheme by Standard Chartered.