

PRICING SUPPLEMENT

Pricing Supplement dated 2 October 2002

OLIVETTI FINANCE N.V.

**Issue of EUR 500,000,000 7.25% Guaranteed Notes due 2012 (the "New Notes")
to be consolidated and form a single series with
EUR 500,000,000 7.25% Guaranteed Notes due 2012
Guaranteed by OLIVETTI S.p.A
under the EUR 15,000,000,000
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement (as referred to in the Offering Circular dated 14 May 2002) relating to the issue of New Notes described herein. This Pricing Supplement is supplemental to, and should be read, apart from the Conditions, in conjunction with the Offering Circular. In order to ensure fungibility of the New Notes with the Issuer's EUR 500,000,000 7.25% Guaranteed Notes due 2012 (the "**Outstanding Notes**") the terms and conditions applicable to the New Notes shall be the terms and conditions attached hereto as Annex 2 as supplemented and/or amended by this Pricing Supplement. This Pricing Supplement must be read in conjunction with such terms and conditions. The New Notes will, upon and to the extent that the Temporary Global Note is exchanged for the Permanent Global Note, be consolidated and form a single series with the Outstanding Notes.

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|----|------|-----------------------------------|--------------------------------------------------------------------------------------------------------------|
| 1. | (i) | Issuer: | Olivetti Finance N.V. |
| | (ii) | Guarantor: | Olivetti S.p.A. |
| 2. | (i) | Series Number: | 08 |
| | (ii) | Tranche: | 02 |
| 3. | | Specified Currency or Currencies: | Euro (" EUR ") |
| 4. | | Aggregate Principal Amount: | |
| | (i) | Series: | EUR 1,000,000,000 |
| | (ii) | Tranche: | EUR 500,000,000 |
| 5. | (i) | Issue Price: | 103.699 per cent. of the Aggregate Principal Amount of Tranche 2 of the Notes plus 162 days accrued interest |
| | (ii) | Net Proceeds | EUR 516,620,000 plus EUR 16,089,041.10 representing 162 days accrued interest |

6.	Specified Denominations:	EUR 1,000, EUR 10,000 and EUR 100,000
7.	(i) Issue Date:	3 October 2002
	(ii) Interest Commencement Date (if different from the Issue Date):	24 April 2002
8.	Maturity Date:	24 April 2012
9.	Interest Basis:	7.25 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Not Applicable
13.	Listing:	Luxembourg
14.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	7.25 per cent. per annum
	(ii) Interest Payment Date(s):	24 April in each year
	(iii) Fixed Coupon Amount(s):	EUR 72.50 per EUR 1,000 Specified Denomination EUR 725 per EUR 10,000 Specified Denomination EUR 7,250 per EUR 100,000 Specified Denomination
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	Actual/Actual (ISMA)
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

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| 18. | Index-Linked Interest Note Provisions | Not Applicable |
| 19. | Dual Currency Note Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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|-----|--------------------------------|---------------------------------------|
| 20. | Call Option | Not Applicable |
| 21. | Put Option | Not Applicable |
| 22. | Final Redemption Amount | 100 per cent. of the principal amount |
| 23. | Early Redemption Amount | 100 per cent. of the principal amount |
- Early Redemption Amount (Tax) payable on redemption for taxation reasons and/or Early Termination Amount payable on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE Notes

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| 24. | Form of Notes: | Bearer Notes:

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note. |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Not Applicable |
| 26. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 27. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the relevant Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |

28. Redenomination, Renominalisation and Reconventioning provisions: Not Applicable
29. Consolidation provisions: Not Applicable
30. Other terms or special conditions: Not Applicable

DISTRIBUTION

31. (i) If syndicated, names of Managers: (including the Lead Manager(s)) Caboto IntesaBci-SIM S.p.A.
Goldman Sachs International
J.P. Morgan Securities Ltd.
Lehman Brothers International (Europe)
- (ii) Stabilising Manager (if any): Lehman Brothers International (Europe)
32. If non-syndicated, name of Dealer: Not Applicable
33. TEFRA The D Rules are applicable
34. Netherlands Selling Restrictions Euro-securities exemption: Selling restriction I(v) applies.
35. Additional selling restrictions: For the purposes of the Notes, the subsection headed "The Netherlands" should be read in conjunction with the text set out in Annex 1 hereto.

OPERATIONAL INFORMATION

36. ISIN Code: The temporary ISIN Code is XS0155184996, after the Temporary Global Note is exchanged for the Permanent Global Note, the ISIN Code will be XS0146643191
37. Common Code: The temporary Common Code is 015518499, after the Temporary Global Note is exchanged for the Permanent Global Note, the Common Code will be 014664319
38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
39. Delivery: Delivery against payment

40. Additional Paying Agent(s) (if any): Not Applicable

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the EUR 15,000,000,000 Euro Medium Term Note Programme of Olivetti S.p.A., Olivetti Finance N.V. and Olivetti International Finance N.V. as Issuers and Olivetti S.p.A. as Guarantor.

RESPONSIBILITY

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

Signed on behalf of **Olivetti S.p.A.:**

By:

Signed on behalf of **Olivetti Finance N.V.:**

By:

ANNEX 1

The Netherlands selling restrictions

"The Netherlands / Global

The Notes are being issued and offered under the "Euro-securities" exemption pursuant to Article 6 of the Exemption Regulation of 21 December 1995 (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*), as amended, of The Netherlands' Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) and accordingly each of the Managers and the Issuer represents and agrees that it has not publicly promoted and will not publicly promote the offer or sale of Notes (including any rights representing an interest in any Global Note) by conducting a generalised advertising or cold-calling campaign *anywhere in the world*".

ANNEX 2

2012 CONDITIONS

1. Introduction

- (a) **Programme:** Olivetti S.p.A. ("*Olivetti*"), Olivetti Finance N.V. ("*Olivetti Finance*") and Olivetti International Finance N.V. ("*Olivetti International Finance*") each an "*Issuer*" and together the "*Issuers*" have established a Euro Medium Term Note Programme (the "*Programme*") for the issuance of up to €10,000,000,000 in aggregate principal amount of notes (the "*Notes*"). Notes issued by Olivetti Finance and Olivetti International Finance will be guaranteed by Olivetti S.p.A. (the "*Guarantor*" or "*Olivetti*").
- (b) **Pricing Supplement:** Notes issued under the Programme are issued in series (each a "*Series*") and each Series may comprise one or more tranches (each a "*Tranche*") of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Date, Interest Commencement Date and Issue Price (as these terms are defined below) and the amount of the first payment of interest. Each Tranche is the subject of a pricing supplement (the "*Pricing Supplement*") which supplements these terms and conditions (the "*Conditions*"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 8 June 2001 (as amended or supplemented from time to time, the "*Agency Agreement*") between the Issuers, the Guarantor, The Chase Manhattan Bank as fiscal agent (the "*Fiscal Agent*", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "*Paying Agents*", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) **Deed of Guarantee:** The Notes are the subject of a deed of guarantee dated 8 June 2001 entered into by the Guarantor (as amended or supplemented from time to time, the "*Deed of Guarantee*").
- (e) **Deed of Covenant:** The Notes are the subject of a deed of covenant dated 8 June 2001 entered into by the Issuers (as amended from time to time, the "*Deed of Covenant*").
- (f) **The Notes:** All subsequent references in these Conditions to "*Notes*" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (g) **Issuer and Guarantor:** All subsequent references in these Conditions to the "*Issuer*" are to whichever of Olivetti, Olivetti Finance or Olivetti International Finance is identified as the Issuer in the relevant Pricing Supplement. If Olivetti is identified as the Issuer in the relevant Pricing Supplement, references in these Conditions to the Guarantor and the Guarantee of the Notes are not applicable.
- (h) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the "*Noteholders*") and the holders of the related interest coupons, (the "*Couponholders*" and the "*Coupons*", respectively), if any, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Definitions and Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"Accrual Yield" has the meaning given in the relevant Pricing Supplement;

"Additional Business Centre(s)" means the city or cities specified as such in the relevant Pricing Supplement;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Pricing Supplement;

"Business Day" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) *"Following Business Day Convention"* means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) *"Modified Following Business Day Convention"* or *"Modified Business Day Convention"* means that the relevant date shall be 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 will be brought forward to the first preceding day that is a Business Day;
- (iii) *"Preceding Business Day Convention"* means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) *"FRN Convention"*, *"Floating Rate Convention"* or *"Eurodollar Convention"* means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) *"No Adjustment"* means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest, Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the *"Calculation Period"*), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (i) if "*Actual/Actual (ISMA)*" is so specified, means:
 - (a) 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 in any year; and
 - (b) 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 (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "*Actual/365*" 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 (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "*Actual/365 (Fixed)*" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "*Actual/360*" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "*30/360*", "*360/360*" or "*Bond Basis*" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if "*30E/360*" or "*Eurobond Basis*" is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

"*Early Redemption Amount (Tax)*" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"*Early Termination Amount*" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with the relevant Pricing Supplement;

"*Euroclear*" means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

"*Extraordinary Resolution*" has the meaning given in the Agency Agreement;

"*Final Redemption Amount*" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"*Fixed Coupon Amount*" has the meaning given in the relevant Pricing Supplement;

"*Guarantee*" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
(iv) any other agreement to be responsible for such Indebtedness;

"Guarantee of the Notes" means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

"Indebtedness" means any obligation (whether present or future, actual or contingent) for the payment or repayment of money which has been borrowed or raised;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period, as calculated in accordance with these Conditions and (or as otherwise specified in) the relevant Pricing Supplement;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"Interest Determination Date" has the meaning given in the relevant Pricing Supplement;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Pricing Supplement;

"Issue Price" has the meaning given in the relevant Pricing Supplement;

"Margin" has the meaning given in the relevant Pricing Supplement;

"Material Subsidiary" means a Subsidiary of the Issuer or (as the case may be) the Guarantor whose consolidated net revenues or consolidated net assets as shown on its most recent audited consolidated financial statements represent 10 per cent. or more of the consolidated net revenues or consolidated net assets, respectively, of the Issuer or (as the case may be) the Guarantor, as shown in its most recent audited consolidated financial statements;

"Maturity Date" has the meaning given in the relevant Pricing Supplement;

"Maximum Redemption Amount" has the meaning given in the relevant Pricing Supplement;

"Minimum Redemption Amount" has the meaning given in the relevant Pricing Supplement;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"Optional Redemption Date (Call)" has the meaning given in the relevant Pricing Supplement;

"Optional Redemption Date (Put)" has the meaning given in the relevant Pricing Supplement;

"Participating Member State" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"Partly Paid Notes" means Notes which have been paid for in part;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and each (if any) Additional Financial Centre;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note and a Put Option Notice with such Paying Agent by such Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"Reference Banks" has the meaning given in the relevant Pricing Supplement or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Pricing Supplement;

"Reference Rate" has the meaning given in the relevant Pricing Supplement;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first

Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes 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
- (iii) in the case of Notes 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.

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Pricing Supplement;

"Relevant Indebtedness" means any Indebtedness (excluding, for the avoidance of any doubt, any bank loans) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service and Bridge's Telerate Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such 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 Time" has the meaning given in the relevant Pricing Supplement;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment, to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer, the Guarantor or any other Person formed or to be formed, to change the currency of any payment under the Notes, to modify any provision of the Deed of Guarantee or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction but excluding any such security interest over the property of any Person incorporated or merged into or acquired by the Issuer or (as the case may be) the Guarantor (including, for the avoidance of doubt, any property of any Subsidiary of such a Person) after 1 January 1999 and existing immediately prior to such incorporation, merger or acquisition;

"Specified Currency" has the meaning given in the relevant Pricing Supplement;

"Specified Denomination(s)" has the meaning given in the relevant Pricing Supplement;

"Specified Office" has the meaning given in the Agency Agreement;

"Specified Period" has the meaning given in the relevant Pricing Supplement;

"Subsidiary" means in relation to any Person (in this paragraph, the "first Person") at any particular time, any other Person (in this paragraph, the "second Person");

- (A) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital or contract, the power to appoint or remove a majority of the members of the governing body of the second Person or otherwise; or
- (B) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"*Talon*" means a talon for further Coupons;

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"*Treaty*" means the Treaty establishing the European Community, as amended; and

"*Zero Coupon Note*" means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include any Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "*outstanding*" shall be construed in accordance with the Agency Agreement; and
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "*not applicable*" then such expression is not applicable to the Notes.

3. Form, Denomination and Title

Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law or as provided for in these Conditions) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.

4. Status and Guarantee

- (a) *Status of the Notes:* The Notes constitute unconditional, unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The Guarantee of the Notes constitutes direct, general and

unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge

So long as any Note remains outstanding, the Issuer and the Guarantor shall not, and shall procure that none of their respective Material Subsidiaries shall, create or permit to subsist any Security Interest upon the whole or any part of their present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from (and excluding) the due date for final redemption of such Note unless, upon due presentation, payment of the Redemption Amount in respect of such Note is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to but excluding that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to (but excluding) such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded downwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the applicable Rate(s) of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from (and excluding) the due date for final redemption of such Note unless, upon due presentation, payment of the Redemption Amount in respect of such Note is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note and Index-Linked Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to (but excluding) that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to (but excluding) such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of

Interest applicable to the Notes for an Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable at or about the Relevant Time on the relevant Interest Determination Date, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date offered to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean rate so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean rate in accordance with the above provisions in relation to an Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean rate last determined in relation to the Notes in respect of the immediately preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate, where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to an Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.
- (h) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes in accordance with this Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*).

8. Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

Where such 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 shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 8(b) (*Late payment on Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

9. Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) *Rate of Interest*: If the Rate of Interest or (as the case may be) Interest Amount falls to be determined by reference to an exchange rate, the Rate of Interest or (as the case may be) Interest Amount payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. Partly Paid Note Provisions

- (a) *Application*: This Condition 10 (*Partly Paid Note Provisions*) is applicable to any Notes only if the Partly Paid Notes Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Interest*: Interest will accrue only on the paid-up principal amount of the Notes and otherwise as specified in the relevant Pricing Supplement.

11. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments*).

- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Guarantor (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to (but excluding) the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands Antilles or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (1) the Guarantor has or (if a demand was made under the relevant Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a ruling by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 11(b) (*Redemption for tax reasons*), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right

of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders and the Guarantor (which notice shall be irrevocable and shall oblige the Issuer to redeem all the Notes or (as the case may be) the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to (but excluding) such date).
- (d) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each stock exchange(s) on which the Notes are then listed, and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to (but excluding) such date. In order to exercise the option contained in this Condition 11(e) (*Redemption at the option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(e) (*Redemption at the option of Noteholders*), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 11(e) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (f) *No other redemption*: Neither the Issuer nor the Guarantor shall be entitled to redeem the Notes otherwise than as provided in Conditions 11 (a) (*Scheduled Redemption*) to (e) (*Redemption at the option of Noteholders*) above.
- (g) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such 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 shall be made on the basis of such Day

Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 11(g) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price and such Notes may be held, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation (provided that, if the Notes are to be cancelled, they are purchased together with all unmatured Coupons relating to them).
- (i) *Cancellation*: All Notes redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition 5(h)(*Purchase*) above (together with all unmatured Coupons cancelled with them) may not be reissued or resold.

12. Payments

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the Specified Currency or by transfer to an account denominated in such currency (or, if the Specified Currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of the Specified Currency (in the case of a Sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to Condition 12(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 12(a) (*Principal*) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the principal and interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such principal or interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "*Relevant Coupons*") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for

payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 12(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 12(f) (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(c) (*Redemption at the option of the Issuer*), Condition 11(e) (*Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the holder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 12(c) (*Payments in New York City*)).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon sheet will be delivered in respect of such Talon.

13. Taxation

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as defined below) or (in the case of payments made under the Guarantee of the Notes) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable:
 - (i) in respect of any Note or Coupon presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Relevant Jurisdiction or (in the case of payments made under the Guarantee of the Notes) the Republic of Italy other than the mere holding of such Note or Coupon; or
 - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (iii) in respect of any Note or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
 - (iv) in respect of any Note issued by Olivetti (or any related Coupon) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 as amended and supplemented at the time of issue of the Note; or
 - (v) in respect of any Note issued by Olivetti (or any related Coupon) having an original maturity of less than eighteen months where such withholding or deduction is required pursuant to Italian Legislative Decree No. 600 of 29 September 1973 as amended and supplemented at the time of issue of the Note; or
 - (vi) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
 - (vii) in respect of any Note or Coupon presented for payment by or on behalf of a holder if such withholding or deduction may be avoided by such holder producing a declaration or other evidence of non-residence in the Relevant Jurisdiction or (in the case of payments made under the Guarantee of the Notes) the Republic of Italy to the relevant taxing authority or making any other claim or filing, unless such holder is not entitled to produce such declaration or other evidence or to make such other claim or filing.
- (b) *Relevant jurisdiction:* Each reference in this Condition 13 to the “*Relevant Jurisdiction*” shall mean:
- (i) the Republic of Italy, if the Issuer is Olivetti, or if Olivetti becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, the Republic of Italy and/or such other jurisdiction;
 - (ii) The Netherlands Antilles, if the Issuer is Olivetti International Finance, or if Olivetti International Finance becomes subject at any time to any taxing jurisdiction other than The Netherlands Antilles, The Netherlands Antilles and/or such other jurisdiction; and
 - (iii) The Netherlands, if the Issuer is Olivetti Finance, or if Olivetti Finance becomes subject at any time to any taxing jurisdiction other than The Netherlands, The Netherlands and/or such other jurisdiction.

If the Guarantor becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, the Republic of Italy and/or such other jurisdiction, each reference in this Condition 13 to the Republic of Italy shall be construed as a reference to the Republic of Italy and/or such other jurisdiction.

14. Events of Default

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven Business Days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer or (as the case may be) the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and (as the case may be) the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer, Guarantor or Subsidiary:*
 - (i) any Indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or within any originally applicable grace period (as the case may be);
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or any of their respective Subsidiaries or

(provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €25,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law is rendered against the Issuer or the Guarantor or any of their respective Subsidiaries for the payment of an aggregate amount exceeding the greater of (i) €25,000,000 (or its equivalent in any other currency or currencies) or (ii) an amount equal to five per cent. of the net consolidated assets of (in the case of the Issuer or any of its Subsidiaries), the Issuer or (in the case of the Guarantor or any of its Subsidiaries) the Guarantor, in each case, as stated in its most recent audited consolidated financial statements and any such judgment(s) or orders continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession of or becomes entitled to enforce its security over, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Subsidiaries; or
- (f) *Insolvency*:
- (i) if the Issuer is Olivetti Finance or Olivetti International Finance and any of the following occurs with respect to the Issuer or any of its Material Subsidiaries:
- (A) the entry of a decree, judgment or order by a court having jurisdiction adjudging it bankrupt (*failliet*), or approving a petition seeking moratorium of payments (*surséance van betaling*), reorganisation, arrangement, adjustment or composition of or in respect of it under any applicable law, or adjudging that it is in a situation requiring special measures (*bijzondere voorzieningen*) in the interests of all creditors as referred to in Chapter X of the Act on the Supervision of Credit Institutions 1992 (*Wet Toezicht Kredietwezen 1992*) or any re-enactment thereof or pursuant to the 1994 Government Ordinance on the Supervision of Banking and Credit Institutions (*Landsverordening Toezicht Bank en Kredietwezen*) or any subsequent amendment, modification or re-enactment thereof or appointing a receiver, liquidator, administrator, assignee or sequestrator (or other similar official) in relation to it or of any substantial part of its property, or ordering the winding up, dissolution or liquidation of it or its affairs; or
- (B) an involuntary case of proceeding is initiated against or a voluntary case or proceeding is initiated by the Issuer or any of its Material Subsidiaries under any applicable insolvency law, including presentation to the court of an application for bankruptcy (*faillissement*), for an administration, liquidation or dissolution order or seeking the appointment of a receiver, administrator, liquidator or other similar official in relation to the Issuer or any of its Material Subsidiaries or to the whole or any substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries or the competent Chamber of Commerce takes any action to dissolve the Issuer or any of its Material Subsidiaries pursuant to the *Trade Registry Act* or the Bankruptcy Act of 1931 (*Faillissementsbesluit*) (or any amendment, modification, re-enactment thereof), or a receiver, administrator, liquidator or other similar official is appointed in relation to the Issuer or any of its Material Subsidiaries or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries or an encumbrancer takes possession or execution or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries or if the Issuer or any of its Material Subsidiaries initiates or consents to any case or judicial proceeding relating to itself or its assets

under any applicable insolvency law, makes a conveyance or assignment for the benefit of its creditors generally, admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any such action; or

- (ii) if (irrespective of the identity of the Issuer) any of the following occurs with respect to Olivetti or any of its Material Subsidiaries:
 - (A) it is declared by a court to be insolvent, or petitions a court to be declared insolvent or admits in writing that it is unable to pay its debts as they fall due;
 - (B) an administrator, receiver or liquidator of it or the whole or a substantial part of its undertaking, assets and revenues is appointed (or application for any such appointment is made);
 - (C) it takes any action for the deferral, rescheduling or other readjustment of all or a substantial part of its Indebtedness or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or
 - (D) it ceases to carry on its business under its corporate objects from time to time.
- (g) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of their respective Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer or (as the case may be) a Material Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of The Netherlands Antilles, The Netherlands or (as the case may be) the Republic of Italy has an analogous effect to any of the events referred to in Conditions 14(d) (*Unsatisfied judgment*) to (g) (*Winding up etc*) above; or
- (i) *Failure to take action etc*: any action, condition or thing at any time required to be taken, fulfilled or done in order (A) to enable the Issuer or (as the case may be) the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Guarantee of the Notes, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of The Netherlands Antilles, The Netherlands or (as the case may be) the Republic of Italy is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Guarantee of the Notes, respectively; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect;

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality, *provided, however, that* Conditions 14(f) (*Insolvency*), (g) (*Winding up etc.*) and (h) (*Analogous event*) shall not include any such event which occurs for the purposes of or pursuant to an amalgamation, restructuring or reorganisation of a Material Subsidiary of the Issuer or (as the case may be) the Guarantor in respect of which two officers of the Issuer or (as the case may be) the Guarantor shall have certified to the Fiscal Agent that such Material Subsidiary shall be solvent immediately prior to, during and immediately after the consummation of such amalgamation, restructuring or reorganisation.

15. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then listed on any stock exchange which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Guarantor and/or relevant Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor Fiscal Agent or Calculation Agent and additional or successor Paying Agents; *provided, however, that:*

- (a) the Issuer and the Guarantor shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are listed on any stock exchange which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by the rules of such stock exchange; and
- (d) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer and the Guarantor will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such Directive.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

18. Meetings of Noteholders (or *Rappresentante Comune*); Modification and Waiver

18.1 Notes issued by Olivetti Finance or Olivetti International Finance.

- (a) *Meetings of Noteholders:* Part B of schedule 1 of the Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Voters (as defined in the Agency Agreement) holding or representing one half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Voters being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Voters holding or representing not less than one half or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification*: The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18.2 Notes issued by Olivetti

- (a) *Meetings of Noteholders*: Part A of Schedule 1 of the Agency Agreement contains provisions consistent with the rules of the Italian Civil Code for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by a Resolution of these Conditions or the provisions of the Agency Agreement (such modifications shall be adopted, either on first call or second call, by favourable vote of one or more persons present holding or representing Notes, representing an aggregate of more than 50 per cent. of the principal amount of the Notes outstanding at the time such resolution is adopted). A Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they were present at the meeting, and on all Couponholders. Any modification shall be notified to the Noteholders in accordance with Condition 20 (*Notices*).
- (b) *Rappresentante Comune*: In accordance with the Italian Civil Code, a "*rappresentante comune*" must be appointed in order to represent the Noteholders' hereunder and to give effect to the resolutions of the Noteholders' meeting. The "*rappresentante comune*" is appointed by resolution passed at the Noteholders' meeting. In the event the Noteholders' meeting fails to appoint the "*rappresentante comune*", the appointment will be made by the president of the court of first instance of the venue where the registered office of the Issuer is located at the request of any Noteholder or at the request of the board of directors of the Issuer.

19. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date of, and the amount of, the first payment of interest) so as to form a single series with the Notes.

20. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes which are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

21. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "*first currency*") in which the same is payable under these Conditions or such order or judgment into another currency (the "*second currency*") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded downwards), (b) all United States Dollar and euro amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded down), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded downwards.

23. Redenomination, Renominalisation and Reconventioning

- (a) *Application:* This Condition 23 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.
- (b) *Notice of redenomination:* If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders in accordance with Condition 20 (*Notices*), the Guarantor and the Paying Agents, designate a date (the "*Redenomination Date*"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
- (i) the Notes shall be deemed to be redenominated into euro in the denomination of EUR0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination into EUR0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each stock exchange (if any) on which the Notes are then listed and the Paying Agents of such deemed amendments;
 - (ii) if Notes have been issued in definitive form:
 - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "*Euro Exchange Date*") on which the Issuer gives notice (the "*Euro Exchange Notice*") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;
 - (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23 (*Redenomination, Renominalisation and Reconventioning*)) shall remain in full force and effect; and
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
 - (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

- (d) *Interest*: Following redenomination of the Notes pursuant to this Condition 23 (*Redenomination, Renominalisation and Reconventioning*), where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
- (e) *Interest Determination Date*: If the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date, the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

24. Substitution

- (a) *Requirements for substitution*: The Issuer and the Guarantor may at any time require the substitution in place of the Issuer (or of the previous substitute under this Condition 24 (*Substitution*)) as the principal debtor in respect of the Notes of the Guarantor or any other Subsidiary of the Guarantor (such substitute, a "New Issuer") and/or the appointment of an additional guarantor of the Notes (an "Additional Guarantor") and/or the substitution in place of the Guarantor (or an Additional Guarantor) as guarantor of the Notes of any entity that may succeed to, or to which the Guarantor (or that Additional Guarantor) may transfer, all or substantially all of the assets and business of the Guarantor (or the Additional Guarantor) by operation of law, contract or otherwise (such substitute, a "New Guarantor"), provided that:
 - (i) in the case of a New Issuer, a deed poll and such other documents (if any) shall be executed by the New Issuer, the Guarantor, any Additional Guarantor and, to the extent necessary, the other parties to the Agency Agreement, as may be necessary to give full effect to the substitution and pursuant to which the New Issuer shall undertake in favour of the Noteholders and each Accountholder (as defined in the Deed of Covenant) to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as principal debtor in respect of the Notes in place of the Issuer (or of the previous substitute under this Condition 24 (*Substitution*)) and pursuant to which the Guarantor and any Additional Guarantor shall guarantee in favour of each Noteholder and Accountholder the payment of all sums payable by the Issuer to the extent of, and in the terms specified in, the Deed of Guarantee, *mutatis mutandis*;
 - (ii) in the case of an Additional Guarantor, the Additional Guarantor shall guarantee in favour of each Noteholder and Accountholder the payment of all sums payable by the Issuer to the extent of, and in the terms specified in, the Deed of Guarantee, *mutatis mutandis*;
 - (iii) in the case of a New Guarantor, a deed poll and such other documents (if any) shall be executed by the New Guarantor and, to the extent necessary, the other parties to the Agency Agreement, as may be necessary to give full effect to the substitution and pursuant to which the New Guarantor shall guarantee in favour of each Noteholder and Accountholder the payment of all sums payable by the Issuer to the extent of, and in the terms specified in, the Deed of Guarantee, *mutatis mutandis*;
 - (iv) in the case of a New Issuer, the Fiscal Agent shall have received legal opinions from independent legal advisers approved by it to the effect, *inter alia*, that (A) the New Issuer has obtained all governmental and regulatory approvals and consents necessary for its assumption of the obligations and liabilities as principal debtor under these Conditions, the Deed of Covenant and the Agency Agreement in place of the Issuer, the holders of the Notes, Coupons and Talons have rights against the New Issuer at least equivalent to the rights they have against the Issuer, such assumption is fully effective and such obligations and liabilities are legally valid and binding on, and enforceable against, the New Issuer (subject to customary assumptions, exceptions and reservations); (B) the Guarantor has obtained all governmental and regulatory approvals and consents necessary for the guarantee referred to in (i) above to be fully effective and such guarantee is legally valid and binding on, and enforceable against, the Guarantor (subject to customary assumptions, exceptions and reservations); (C) such approvals and consents are in full force and effect at the time of substitution; and (D) confirming, with respect to the New Issuer, compliance with Condition 24(a)(vii) (subject to customary assumptions, exceptions and reservations);

- (v) in the case of an Additional Guarantor, the Fiscal Agent shall have received legal opinions from independent legal advisors approved by it to the effect, *inter alia*, that (A) the Additional Guarantor has obtained all governmental and regulatory approvals and consents necessary for the guarantee referred to in Condition 24(a) (ii) (*Requirements for substitution*) above to be fully effective and such guarantee is legally valid and binding on, and enforceable against, the Additional Guarantor (subject to customary assumptions, exceptions and reservations); (B) such approvals and consents are in full force and effect at the time of substitution; and (C) confirming, with respect to the Additional Guarantor, compliance with Condition 24(a)(vii) (*Requirements for substitution*) (subject to customary assumptions, exceptions and reservations);
 - (vi) in the case of a New Guarantor, the Fiscal Agent shall have received legal opinions from independent legal advisors approved by it to the effect, *inter alia*, that (A) the New Guarantor has obtained all governmental and regulatory approvals and consents necessary for the guarantee referred to in Condition 24(a)(iii) (*Requirements for substitution*) above to be fully effective, the holders of the Notes, Coupons and Talons have rights against the New Guarantor under such guarantee at least equivalent to the rights they have against the Guarantor (or (as the case may be) the relevant Additional Guarantor) and such guarantee is legally valid and binding on, and enforceable against, the New Guarantor (subject to customary assumptions, exceptions and reservations); (B) such approvals and consents are in full force and effect at the time of substitution; and (C) confirming, with respect to the New Guarantor, compliance with Condition 24(a)(vii) (*Requirements for substitution*) (subject to customary assumptions, exceptions and reservations);
 - (vii) all payments of principal and interest in respect of the Notes and Coupons by or on behalf of the New Issuer or (as the case may be) the Additional Guarantor or (as the case may be) the New Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the tax jurisdiction to which it is subject or any political subdivision or any authority thereof or therein having power to tax;
 - (viii) any stock exchange on which the Notes are listed shall have confirmed to the Issuer, the Guarantor and the Fiscal Agent that, after giving effect to the substitution or the appointment of the Additional Guarantor, the Notes will continue to be listed on such stock exchange(s);
 - (ix) two officers of the New Issuer, the Additional Guarantor or (as the case may be) the New Guarantor shall have certified to the Fiscal Agent that the New Issuer, the Additional Guarantor or (as the case may be) the New Guarantor is solvent at the time at which the substitution or appointment is proposed to be effected.
- (b) *Substitution effective:* Upon execution and delivery of the deed poll, guarantee or the other documents referred to in Conditions 24 (a)(i), (ii) or (iii) (*Requirements for substitution*) above and delivery of the legal opinions and other documents referred to in Conditions 24 (a)(iv) to (ix) (*Requirements for substitution*) above:
- (i) the New Issuer shall be deemed to be named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in place of the Issuer (or the previous substitute under this Condition 24 (*Substitution*)) and the Notes, the Deed of Covenant, the Agency Agreement and any other documents related to the Programme shall thereupon be deemed to be amended to give effect to the substitution, and the Issuer (or the previous substitute under this Condition 24 (*Substitution*)) shall be released from all of its obligations under or in respect of the Notes, the Deed of Covenant, the Agency Agreement and any other documents related to the Programme;
 - (ii) the Additional Guarantor shall be deemed to be named in the Notes and the Agency Agreement and any other documents related to the Programme as Guarantor;
 - (iii) the New Guarantor shall be deemed to be named in the Notes and the Agency Agreement as Guarantor in place of the Guarantor (or the relevant Additional Guarantor) and the Notes, the Agency Agreement and any other documents related to the Programme shall thereupon be deemed to be amended to give effect to the substitution, and the Guarantor shall be released from all of its obligations under or in respect of the Notes, the Agency Agreement and any other documents related to the Programme.

- (c) *Notice of substitution:* Not later than 20 days after the substitution of a New Issuer or a New Guarantor or the appointment of an Additional Guarantor, notice shall be given to the Noteholders in accordance with Condition 20 (*Notices*).

25. Governing Law and Jurisdiction

- (a) *Governing Law:* The Notes are governed by, and shall be construed in accordance with, English law.
- (b) *Jurisdiction:* Each of the Issuer and the Guarantor agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "*Proceedings*" and "*Disputes*") and for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) *Appropriate forum:* Each of the Issuer and the Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process agent:* Each of the Issuer and the Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Clifford Chance Secretaries Limited, 200 Aldersgate Street, London EC1A 4JJ or, if different, its registered office for the time being or at any address of thereof in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such Person is not or ceases to be effectively appointed to accept service of process on its behalf, it shall, on the written demand of any Noteholder addressed to it and delivered to it or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person (other than himself) by written notice addressed to it and delivered to it or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- (f) *Consent to enforcement etc:* Each of the Issuer and the Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.