

INFORMATION MEMORANDUM DATED 24 April 2003



## **Nuon Finance B.V.**

*(Incorporated in the Netherlands with limited liability and having its corporate seat in Amsterdam)*

**guaranteed by**

## **n.v. Nuon**

*(Incorporated in the Netherlands with limited liability and having its corporate seat in Amsterdam)*

**Euro 2,000,000,000**

## **Euro Medium Term Note Programme**

Under this Euro 2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Nuon Finance B.V. (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by n.v. Nuon (the “**Guarantor**”).

Subject as set out herein, the Notes will not be subject to any maximum maturity but will have a minimum maturity of one month and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed Euro 2,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the “**relevant Dealer**” in respect of those Notes.

The Notes of each Tranche (as defined herein) will (unless otherwise specified in the applicable Pricing Supplement) initially be represented by a global Note which will be deposited on or about the issue date thereof with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and/or any other agreed clearance system. See “Form of the Notes” herein.

Application has been made for Notes issued under the Programme to be listed on the Luxembourg Stock Exchange. In addition, Notes issued under the Programme may be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplementary Information Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

**Arranger**

**Citigroup**

**Dealers**

**ABN AMRO**

**BNP PARIBAS**

**ING Financial Markets**

**Barclays Capital**

**Citigroup**

**UBS Warburg**

**WestLB AG**

## IMPORTANT NOTICE

The Issuer (in relation to itself and the Notes only) and the Guarantor accept responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of each of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Notes to be issued under the Programme to be listed on the Luxembourg Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange, on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be admitted to listing, trading and/or quotation by such other or further listing authority or listing authorities, stock exchange or stock exchanges and/or quotation system or quotation systems as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

This Information Memorandum is to be read and construed together with any amendments or supplements hereto and with any other documents which are deemed to be incorporated herein by reference and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement (as defined herein) (see “Documents Incorporated by Reference” herein). This Information Memorandum shall be read and construed on the basis that such documents are incorporated in and form part of this Information Memorandum.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers. The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or any of their respective affiliates, in their capacity as such, as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer or the Guarantor.

Neither this Information Memorandum nor any Pricing Supplement nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Information Memorandum or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Information Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Information Memorandum and any Pricing Supplement or the offering, sale or delivery of any Note does not at any time imply that the information contained herein concerning the Issuer and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer and the Guarantor when deciding whether or not to purchase any Notes.

The distribution of this Information Memorandum and any Pricing Supplement and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum and any Pricing Supplement or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Germany, Japan, the Netherlands, the United Kingdom and the United States (see “Subscription and Sale” herein).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and certain of the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale” herein). In addition the Issuer has not authorised any offer of Notes having a maturity of one year or more to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) (the “**Regulations**”).

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed Euro 2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated as described herein)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement (as defined under “Subscription and Sale”).

All references in this document to “U.S. dollars” and “U.S.\$” refer to United States dollars and references to “euro” and “Euro” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

**In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) named as the Stabilising Manager (or any person acting for the Stabilising Manager) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations and rules.**

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the Articles of Association (*statuten*) of the Issuer and of the Guarantor;
- (b) the most recently published audited financial statements (including the auditors' report thereon and notes thereto) and any interim six monthly financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor from time to time (as included respectively in the annual and interim reports of the Guarantor);
- (c) the most recent audited financial statements and interim financial statements (if any) of the Issuer (as included respectively in the annual and interim reports of the Guarantor);
- (d) all supplements to this Information Memorandum circulated by the Issuer and the Guarantor from time to time in accordance with the undertaking given by the Issuer and the Guarantor in the Dealer Agreement (as defined in "Subscription and Sale" herein); and
- (e) with respect to any Tranche of Notes, the applicable Pricing Supplement,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer and the Guarantor will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the written or oral request of such person, a copy of any or all of the documents which are incorporated herein by reference, save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg.

The Issuer and the Guarantor will, in connection with the listing of the Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of a material adverse change in the financial condition of the Issuer or the Guarantor which is not reflected in this Information Memorandum, or any change in the information set out under "Terms and Conditions of the Notes", prepare a supplement to this Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent issue of Notes to be listed on the exchange. If the terms of the Programme are modified or amended in a manner which would make this Information Memorandum inaccurate or misleading, a new Information Memorandum will be prepared.

This Information Memorandum and any supplement will only be valid for issuing Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed Euro 2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the aggregate amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as defined under "Form of the Notes" herein) shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes (the "**Agreement Date**") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- (b) the amount (or, where applicable, the euro equivalent) of Dual Currency Notes, Index-Linked Notes and Partly Paid Notes (each as defined under "Form of the Notes" herein) shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (c) the amount (or, where applicable, the euro equivalent) of Zero Coupon Notes (as defined under "Form of the Notes" herein) and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” herein, respectively, shall have the same meanings in this summary.*

Issuer:	Nuon Finance B.V.
Guarantor:	n.v. Nuon
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealers:	ABN AMRO Bank N.V. Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited ING Bank N.V. UBS Limited WestLB AG
Regulatory Matters:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See “Subscription and Sale” herein and the following summary of certain restrictions applicable at the date of this Information Memorandum.</p> <p>Issues of Notes with a maturity of more than one year denominated in Swiss Francs or carrying a Swiss Franc-related element (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2 December 1996. Under these regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “<b>Swiss Dealer</b>”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the date of issue of the relevant Notes.</p>
Agent:	Citibank, N.A.
Paying Agent:	Dexia Banque Internationale à Luxembourg
Luxembourg Listing Agent:	Dexia Banque Internationale à Luxembourg
Size:	Up to Euro 2,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding and guaranteed at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, New Zealand dollars, Swedish kroner, Swiss francs, United States dollars, sterling and Japanese yen.
Maturities:	<p>Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one month.</p> <p>Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which have a maturity date of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 (the general prohibition) of the Financial Services and Markets Act 2000 (the “FSMA”).</p>
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be represented by a temporary global Note or a permanent global Note in each case as specified in the relevant Pricing Supplement which will be deposited on or about the relevant Issue Date with a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system. The global Note will be exchangeable as described therein for either a permanent global Note or definitive Notes upon certain conditions including, in the case of a temporary global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Pricing Supplement will specify that a permanent global Note is exchangeable for definitive Notes either (i) upon not less than 30 days’ notice or (ii) upon the occurrence of an Exchange Event, as described in “Form of the Notes” herein. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Redemption:	The applicable Pricing Supplement will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days’ irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

	The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in it.
Denomination of Notes:	Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation:	Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in the Netherlands, subject to certain exceptions as provided in Condition 8.
Negative Pledge:	See Condition 3.
Cross Default:	See Condition 10(iii).
Status of the Notes:	The Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
Status of the Guarantee:	The Guarantor will in a guarantee dated 24 April 2003 (the “ <b>Guarantee</b> ”) unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The obligations of the Guarantor under the Guarantee will constitute direct, unsecured and unsubordinated obligations of the Guarantor and rank <i>pari passu</i> without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Guarantor save for those preferred by mandatory provisions of law.
Listing:	Application has been made for the Notes to be issued under the Programme to be listed on the Luxembourg Stock Exchange. The Notes may also be admitted to listing, trading and/or quotation by such other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not the Notes are to be admitted to listing, trading and/or quotation and, if so, by which listing authority, stock exchange and/or quotation system.
Governing Law:	The Notes will be governed by, and construed in accordance with, the laws of the Netherlands.
Selling Restrictions:	There are selling restrictions in relation to the laws of the Netherlands, Germany, Japan, the United Kingdom and the United States, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “Subscription and Sale” herein.



## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Pricing Supplement) be initially represented by a temporary global Note (or, if so specified in the applicable Pricing Supplement, a permanent global Note), without receipts, interest coupons or talons, which will be delivered to a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Whilst any Note is represented by a temporary global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Pricing Supplement.

On and after the date (the “**Exchange Date**”) which is not less than 40 days nor more than 90 days after the date on which the temporary global Note is issued, interests in the temporary global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a permanent global Note without receipts, interest coupons or talons or for definitive Notes (as indicated in the applicable Pricing Supplement) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of this paragraph unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” herein) the Agent shall arrange that, where a temporary global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series.

Definitive Notes will be in the standard euomarket form with Coupons or Talons for further Coupons attached. Definitive Notes and global Notes will be to bearer.

Payments of principal and interest (if any) on a permanent global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. A permanent global Note will be exchangeable (free of charge), in whole or (subject to the Notes which continue to be represented by the permanent global Note being regarded by the relevant clearing system(s) as fungible with the definitive Notes issued in partial exchange for such permanent global Note) in part, in accordance with the applicable Pricing Supplement, for security printed definitive Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Pricing Supplement either: (i) upon not less than 30 days’ written notice being given to the Agent by Euroclear, Clearstream, Luxembourg and/or another relevant Clearing System (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of an Exchange Event. An “**Exchange Event**” means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the global Note may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. As at the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form.

The following legend will appear on all global Notes, definitive Notes, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be.

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) and subject to the terms of the relevant global Note.

## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

Pricing Supplement dated ●

### **Nuon Finance B.V.**

*(incorporated with limited liability in the Netherlands and having its corporate seat in Amsterdam, the Netherlands)*

**guaranteed by**

### **n.v. Nuon**

*(incorporated with limited liability in the Netherlands and having its corporate seat in Amsterdam, the Netherlands)*

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the Euro 2,000,000,000 Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 24 April 2003. This Pricing Supplement must be read in conjunction with such Information Memorandum.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. (i) Issuer: Nuon Finance B.V.
- (ii) Guarantor: n.v. Nuon
2. (i) [Series Number: [ ]]
- (ii) [Tranche Number: [ ]]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) [Series: [ ]]
  - (ii) [Tranche: [ ]]
5. (i) Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (ii) Net proceeds: [ ]
6. (i) [Specified Denominations: [ ]  
[ ]]
7. (i) [Issue Date: [ ]]
- (ii) [Interest Commencement Date (if different from the Issue Date): [ ]]

8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*  
*[If the issue proceeds are received by the Issuer in the United Kingdom and the Notes have a Maturity Date of less than one year, the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” (or another applicable exemption from section 19 of the FSMA must be available).]*
9. Interest Basis: [( % Fixed Rate)  
[[specify reference rate] +/-●%  
Floating Rate]  
[Zero Coupon]  
[Index-Linked Interest]  
[Other (specify)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
  
[Index-Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: Senior  
(ii) Status of the Guarantee: Senior
14. Listing: [Luxembourg/other (specify)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount[(s)]: [ ] [per Note of [ ] Specified Denomination and per Note of [ ] Specified Denomination]
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ISMA)]/[If neither of these options applies, give details]

(v) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*

(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Not Applicable/give details]  
(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)*

#### 17. Floating Rate Note Provisions

*[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether Euro BBA LIBOR or EURIBOR is the appropriate reference rate)*

(i) Specified Period(s)/Specified Interest Payment Dates: [ ]

(ii) Business Day Convention: *[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]*

(iii) Additional Business Centre(s): *[Not Applicable/give details]*

(iv) Manner in which the Rate(s) of Interest is/are to be determined: *[Screen Rate Determination/ISDA Determination/other (give details)]*

(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): *[[Name] shall be the Calculation Agent (no need to specify if the Agent is to perform this function)]*

(vi) Screen Rate Determination:

— Reference Rate: *[For example, LIBOR or EURIBOR]*

— Relevant Screen Page: *[For example, Telerate page 3750/248]*

— Interest Determination Date(s): [ ]

— Relevant Time: *[For example, 11.00 a.m. London time/ Brussels time]*

— Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*

(vii) ISDA Determination:

— Floating Rate Option: [ ]

— Designated Maturity: [ ]

— Reset Date: [ ]

(viii) Margin(s): *[+/-][ ] per cent. per annum*

(ix) Minimum Rate of Interest: [ ] per cent. per annum

(x) Maximum Rate of Interest: [ ] per cent. per annum

(xi) Day Count Fraction: [ ]

- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [    ]
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [    ] per cent. per annum
- (ii) Reference Price: [    ]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(e)]
- 19. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [    ]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [    ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [    ]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Centre(s): [    ]
- (vii) Minimum Rate of Interest: [    ] per cent. per annum
- (viii) Maximum Rate of Interest: [    ] per cent. per annum
- (ix) Day Count Fraction: [    ]
- 20. Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [    ]
- Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [    ]
- Person at whose option Specified Currency(ies) is/are payable: [    ]

## PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [ ]
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [ ]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]
22. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
- (iii) Notice period (if other than as set out in the Conditions): [ ]
23. **Final Redemption Amount** [Par/other/see Appendix]
24. **Early Redemption Amount**
- Early Redemption Amount(s) payable on redemption for taxation reasons or 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

25. Form of Notes: **Bearer Notes:**  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]  
[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.]  
[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates]

27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. 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 Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions in Condition 4 (*Redenomination*) [annexed to this Pricing Supplement] apply]
31. Other terms or special conditions: [Not Applicable/*give details*]
- DISTRIBUTION**
32. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
33. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
34. Netherlands selling restrictions: [Notes listed on Euronext Amsterdam N.V.: selling restriction I(i) applies]  
[High denomination Notes: selling restriction I(iii) applies]  
[Professional Investors only: selling restriction I(iv) applies]  
[euro-securities exemption: selling restriction I(v) applies]  
[Notes offered outside Netherlands by non-Dutch Dealers: selling restriction I(vi) applies].<sup>1</sup>
35. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]
- OPERATIONAL INFORMATION**
37. ISIN Code: [ ]
38. Common Code: [ ]
39. Any clearing system(s) other than Euroclear or Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
40. Delivery: Delivery [against/free of] payment
41. Additional Paying Agent(s) (if any): [ ]

1. Delete in each case as applicable or delete all of these alternatives if another Netherlands securities law exemption is chosen such as mutual recognition or individual dispensation. In that case, specify such exemption.



**[LISTING APPLICATION**

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 2,000,000,000 Euro Medium Term Note Programme of Nuon Finance B.V.]

**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By:.....

Duly authorised

Signed on behalf of the Guarantor:

By:.....

Duly authorised

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the relevant listing authority, stock exchange and/or quotation system and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Pricing Supplement will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note. Reference should be made to “**Form of the Notes**” above for a description of the content of Pricing Supplements which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by Nuon Finance B.V. (the “**Issuer**”, which expression shall include any Substituted Debtor pursuant to Condition 17) pursuant to the Agency Agreement (as defined below). References herein to the “**Notes**” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The holders of the Notes, the Receipts (as defined below) and the Coupons (as defined below) are deemed to have notice of, are entitled to the benefit of and are subject to the provisions of an agency agreement (the “**Agency Agreement**”, which expression shall include any amendments or supplements thereto or any restatement thereof) dated 24 April 2003 and made between the Issuer, n.v. Nuon as guarantor (the “**Guarantor**”), Citibank, N.A. as issuing and principal paying agent and agent bank (in such capacity the “**Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

The Notes have the benefit of a guarantee dated 24 April 2003 (the “**Guarantee**”, which expression shall include any amendments or supplements thereto or any restatement thereof) entered into by the Guarantor.

Interest bearing definitive Notes will have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to “**Noteholders**” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

The Pricing Supplement for this Note is endorsed hereon or attached hereto or applicable hereto or, if permitted by the relevant listing authority, stock exchange and/or quotation system, incorporated by reference herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “**applicable Pricing Supplement**” are to the Pricing Supplement for this Note.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement, the Guarantee and the applicable Pricing Supplement are available at the specified offices of each of the Agent and the other Paying Agents save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are entitled to the benefit of and are subject to all the provisions of the applicable Pricing Supplement which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## 1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Interest Note, an Index-Linked Redemption Amount Note, a Dual Currency Note, an Instalment Note or a Partly Paid Note or a combination of any of the foregoing, as indicated in the applicable Pricing Supplement. For the purposes of these Conditions:

“**Dual Currency Note**” means a Note in respect of which the Dual Currency Note Provisions are specified in the applicable Pricing Supplement as being applicable;

“**Fixed Rate Note**” means a Note in respect of which the Fixed Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable;

“**Floating Rate Note**” means a Note in respect of which the Floating Rate Note Provisions are specified in the applicable Pricing Supplement as being applicable;

“**Index-Linked Interest Note**” means a Note in respect of which the Index-Linked Interest Note Provisions are specified in the applicable Pricing Supplement as being applicable;

“**Index-Linked Note**” means, together, Index-Linked Interest Notes and Index-Linked Redemption Amount Notes;

“**Index-Linked Redemption Amount Note**” means a Note in respect of which the Redemption/Payment Basis is specified in the applicable Pricing Supplement as being Index-Linked Redemption;

“**Instalment Note**” means a Note in respect of which the Redemption/Payment Basis is specified in the applicable Pricing Supplement as being Instalment;

“**Partly Paid Note**” means a Note in respect of which the Redemption/Payment Basis is specified in the Applicable Pricing Supplement as being Partly Paid; and

“**Zero Coupon Note**” means a Note in respect of which the Zero Coupon Note Provisions are specified in the applicable Pricing Supplement as being applicable.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Guarantor, the Agent and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Guarantor and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## 2. Status of the Notes and the Guarantee

- (i) The Notes and the relative Receipts and Coupons constitute direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
- (ii) The Guarantor has in the 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 obligations of the Guarantor under the Guarantee constitute direct, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Guarantor save for those preferred by mandatory provisions of law.

## 3. Negative Pledge

So long as any of the Notes remains outstanding, neither the Issuer nor the Guarantor will grant or permit to be outstanding, and the Issuer and the Guarantor will procure that there is not granted or permitted to be outstanding, and will procure that none of the Material Subsidiaries (as defined in Condition 10) will grant or permit to be outstanding, any mortgage, charge, lien, pledge or other security interest over any of its present or future assets or revenues or any part thereof, to secure any Relevant Indebtedness or any guarantee thereof unless the Issuer and the Guarantor shall, in the case of the granting of the security, before or at the same time, and in any other case, promptly, procure that all amounts payable under the Notes are secured equally and rateably or that such other security or other arrangement is provided as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For this purpose “**Relevant Indebtedness**” means any indebtedness, present or future, in the form of or represented by notes, bonds, debentures, debenture stock, loan stock, certificates or other similar instruments which are, or are capable of being, listed, quoted or traded on or admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or other securities market (including, without limitation, any over-the-counter market).

## 4. Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days’ prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions 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, each listing authority, stock exchange and/or quotation system (if any) by which the Notes may be admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

- (iii) if definitive Notes are required to be issued after the Redenomination Date they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01, and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the “**Exchange Notice**”) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (i) the number of those days falling in a leap year divided by 366 and (ii) the number of those days falling in a non-leap year divided by 365);
- (vii) if the Notes are Floating Rate Notes the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty (as defined below);

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (i) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System; and

“**Treaty**” means the treaty establishing the European Communities, as amended.

## 5. Interest

### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the

Maturity Date (if that does not fall on an Interest Payment Date). The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date and will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified. Subsequent payments of interest will be made on each following Interest Payment Date and will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

The amount of interest payable in respect of each Fixed Rate Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Fixed Rate Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

The amount of interest payable in respect of each Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the principal amount of such Fixed Rate 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 upwards). 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.

(b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Interest Payment Date(s) in each year; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement on the following basis:

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is the period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (B) in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such minimum Rate of Interest and/or if it specifies a maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent or such other agent as is specified in the applicable Pricing Supplement will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest payable in respect of each Specified Denomination (each an “**Interest Amount**”) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the lowest (if more than one) Specified Denomination, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360, or such other denominator as is specified in the applicable Pricing Supplement, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(v) *Notification of Rate of Interest and Interest Amount*

The Agent or such other agent as is specified in the applicable Pricing Supplement will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor and any listing authority, stock exchange and/or quotation system by which the relevant Floating Rate Notes are for the time being admitted to listing, trading and/or quotation and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each listing authority, stock exchange and/or quotation system by which the relevant Floating Rate Notes are for the time being admitted to listing, trading and/or quotation and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b) by the Agent or such other agent as is specified in the applicable Pricing Supplement shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, that other agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the

absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or that other agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Index-Linked Notes and Dual Currency Notes***

In the case of Index-Linked Notes or Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(d) ***Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

(f) ***Definitions***

For the purposes of these Conditions:

“**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 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 applicable Pricing Supplement and, if so specified in the applicable 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 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 applicable 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;

“**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 applicable 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 normally ending 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 normally ending 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**” 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);

“**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 applicable Pricing Supplement;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Pricing Supplement and, if a Business Day Convention is specified in the applicable 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 applicable 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 applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

“**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;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption 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 applicable 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 Screen Page**” means the page, section or other part of a particular information service (including, without limitation, the Reuter Monitor Money Rates Service and the Dow Jones Telerate Service) specified as the Relevant Screen Page in the applicable 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; and

“**TARGET Settlement Day**” means any day on which the TARGET System is open.

## 6. Payments

### (a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney); and
- (ii) payments in euro shall be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

### (b) *Presentation of Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. dollars, outside the United States).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index-Linked Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index-Linked Interest Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(c) ***Payment Business Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day, the holder thereof shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay.

For these purposes (unless otherwise specified in the applicable Pricing Supplement), “**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 in each (if any) Additional Financial Centre.

(d) ***Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;

- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts (as defined in Condition 7(a));
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## 7. Redemption and Purchase

### (a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the month and year in which the date for redemption of the Notes will fall (in the case of a Floating Rate Note) or by instalments in the amount of each such instalment (each an “**Instalment Amount**”) and on the dates on which each instalment is repayable (each an “**Instalment Date**”) specified in the applicable Pricing Supplement (in the case of a Note redeemable in instalments).

### (b) *Redemption for Tax Reasons*

Unless the applicable Pricing Supplement provides that Condition 8 does not apply, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Index-Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index-Linked Interest Notes), on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Netherlands 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, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### (c) *Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent, (both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or Maximum Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as

the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) ***Redemption of Notes at the Option of the Noteholders***

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note its holder must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) ***Early Redemption Amounts***

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (A) the Reference Price; and
  - (B) 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 such Note becomes due and repayable, and
- (iii) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount.

(f) ***Instalments***

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) ***Partly Paid Notes***

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) ***Purchases***

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

(i) ***Cancellation***

All Notes which are redeemed or purchased by the Issuer, the Guarantor or any of their respective subsidiaries will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

(j) **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 14.

**8. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or (as the case may be) the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (a) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
- (b) by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (d) 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
- (e) by or on behalf of a Noteholder 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.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

**9. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

**10. Events of Default**

If any one or more of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or 7 days in the payment of principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes or the Guarantor fails to perform or observe any of its obligations under or in respect of the Guarantee and, in either case, such failure has continued for the period of 30 days next following the service on the Issuer or (as the case may be) the Guarantor of notice requiring the same to be remedied; or
- (iii) if any Indebtedness of the Issuer, the Guarantor or any Material Subsidiary, in each case having an outstanding aggregate principal amount of at least Euro 25,000,000 (or its equivalent in any other currency or currencies), shall become due and payable prior to the stated maturity thereof following a default or any security therefor becomes enforceable, or, in the case of finance or capital leases as referred to in sub-paragraph (iii) of the definition of Indebtedness, if the counterparty accelerates the obligations of the Issuer, the Guarantor or any Material Subsidiary, as the case may be, under such capital or finance lease, or the Issuer, the Guarantor or any Material Subsidiary fails to make repayment of any such loan or debt at the maturity thereof or at the expiration of any grace period originally applicable thereto or any guarantee of any loan, debt or other moneys given by the Issuer, the Guarantor or any Material Subsidiary shall not be honoured when due and called upon; or
- (iv) if any order is made by any competent court or resolution passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary save either (a) for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders or (b) in the case of a Material Subsidiary, a solvent winding up where all (or substantially all) of the assets of such Material Subsidiary are vested in the Issuer, the Guarantor or another Material Subsidiary or (c) in the case of the Issuer or the Guarantor in connection with a reorganisation under which the continuing entity effectively assumes all the rights and obligations of the Issuer or (as the case may be) the Guarantor; or
- (v) the Issuer, the Guarantor or any Material Subsidiary is or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law in its jurisdiction of incorporation or is adjudicated bankrupt or is granted a suspension of payments (*surséance van betaling*) or that the Issuer is in a situation which requires special measures (*bijzondere voorzieningen*, “**Special Measures**”) in the interests of all creditors as referred to in Chapter X of the Netherlands Credit Supervision Act 1992 (*Wet toezicht kredietwezen 1992*); or
- (vi) if:
  - (A) the Issuer, the Guarantor or any Material Subsidiary ceases to carry on the whole or a substantial part of its business except for the purposes of any demerger, merger, consolidation or reconstruction in the case where either (a) prior consent thereto has been given by an Extraordinary Resolution of the Noteholders, or, in the case of the Issuer, (b) the surviving or resulting company assumes all of the rights and obligations of the Issuer with respect to the Notes, or, in the case of any Material Subsidiary, (c) another Material Subsidiary takes over that part of the business which such initial Material Subsidiary ceases to carry on; or
  - (B) the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due; or
- (vii) if:
  - (A) proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary under any applicable bankruptcy, liquidation, insolvency, composition, reorganisation or other similar laws; or
  - (B) an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any Material Subsidiary or, as the case may be, in relation to the whole or a material part of the undertaking or assets of any of them; or
  - (C) an encumbrancer takes possession of the whole or a material part of the undertaking or assets of the Issuer, the Guarantor or any Material Subsidiary; or



(D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of the Issuer, the Guarantor or any Material Subsidiary,

and in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(viii) if the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(ix) the guarantee of the Notes under the Guarantee is not in full force and effect,

then any Noteholder may, by written notice to the Issuer and the Guarantor at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of these Conditions:

“**Auditors**” means PricewaterhouseCoopers Accountants N.V. or, in the event of their being unable or unwilling to carry out any action requested of them, such other reputable firm of international accountants as may be nominated by the Issuer and the Guarantor;

“**Group**” means the Guarantor and its Subsidiaries from time to time;

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is contractually deferred for a period in excess of 90 days; and
- (v) amounts raised under any transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“**Material Subsidiary**” means, at any time, any Subsidiary of the Guarantor whose net turnover (consolidated in the case of a company which itself has Subsidiaries) represents not less than 10 per cent. of the consolidated total net turnover of the Group taken as a whole, as calculated by reference to the then most recent financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then most recent consolidated financial statements of the Group but if a Subsidiary has been acquired since the date as at which the then most recent consolidated financial statements of the Group were prepared, the financial statements shall be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by the Auditors as representing an accurate reflection of the revised net turnover of the Group); and

“**Subsidiary**” means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation;

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

A report by the Auditors that in their opinion a subsidiary is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Noteholders, the Receiptholders and the Couponholders.

## **11. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent; and
- (iv) there will at all times be a Paying Agent with a specified office situated outside the Netherlands.

In addition, the Issuer and the Guarantor shall forthwith:

- (i) appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b); and
- (ii) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, appoint (if necessary) and maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on taxation of savings implementing such conclusions.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

## **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **14. Notices**

All notices regarding the Notes shall be published (i) in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times) and (ii) if and for so long as the Notes 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). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a listing authority, stock exchange and/or quotation system, the rules of the listing authority, stock exchange and/or quotation system so permit), so long as the global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Agency Agreement or the Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Netherlands law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

#### **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **17. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest on any of the Notes is in default, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Guarantor (the “**Substituted Debtor**”) as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor, the Issuer and the Guarantor as may be necessary to give full effect to the substitution (the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relative Receipts and Coupons in place of the Issuer and pursuant to which the Guarantor shall guarantee, which guarantee shall be unconditional and irrevocable, (the “**New**

**Guarantee**”) in favour of each Noteholder and each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the Notes and the relative Receipts and Coupons;

- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor, the Issuer and the Guarantor to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political subdivision or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
  - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor, the Issuer and the Guarantor (a) that each of the Substituted Debtor, the Issuer and the Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor, the Issuer and the Guarantor under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
  - (iv) each listing authority, stock exchange and/or quotation system which has admitted Notes to listing, trading and/or quotation thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the admission to listing, trading and/or quotation of such Notes would be maintained by such listing authority, stock exchange and/or quotation system;
  - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and
  - (vi) the Issuer and the Guarantor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers acting for the Issuer and the Guarantor to the effect that the Documents (including the New Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor, the Issuer and the Guarantor under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, none of the Issuer, the Guarantor nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Receipts and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.

- (c) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice referred to in paragraph (e) below having been given the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Receipts and Coupons save that any claims under the Notes and the relative Receipts and Coupons prior to release shall enure for the benefit of Noteholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor, the Issuer and the Guarantor shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Receipts and Coupons or the Documents.
- (e) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

#### **18. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the Court of first instance (*rechtbank*) of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Agreement or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of a particular jurisdiction, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor and will be used by the Guarantor for its general corporate purposes.

## NUON FINANCE B.V.

### **Incorporation, Duration and Domicile**

Nuon Finance B.V. (the “**Issuer**”), a wholly-owned subsidiary of the Guarantor, was incorporated under Dutch law as a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) in Amsterdam on 4 October 2001 for an unlimited period of time.

The Issuer has its registered office at Spaklerweg 20, Postbus 41920, 1009 DC Amsterdam and its statutory seat is in Amsterdam. The Issuer is registered in the Commercial Register of the Chamber of Commerce and Industry in Amsterdam under No. 34162990.

### **Objects and Activities**

The main objects of the Issuer are to assist the Guarantor and the Guarantor’s subsidiaries and affiliates in raising funds in the international markets and to provide financial and investment services to such group companies.

### **Management**

The management of the Issuer is conducted by a Management Board which may consist of one or more members.

Members of the Management Board are elected by the general meeting of shareholders of the Issuer and may be recalled from this position at any time.

The Issuer may be legally represented by n.v. Nuon acting as director.

The current Management Board is composed of one member, being the Guarantor.

### **General Meeting of the Shareholders**

The annual general meeting of shareholders must be held in Amsterdam, the Netherlands, within 6 months following the end of each fiscal year. Each share is entitled to one vote.

### **Financial Statements and Distribution of Profits**

The Issuer’s fiscal year coincides with the calendar year. The annual general meeting of the shareholders determines the use of the annual surplus.

## BALANCE SHEET NUON FINANCE B.V.

	Year ended 31 December 2002	2001
	<i>(in thousands of euro)</i>	
<b>Current assets</b>		
Receivables, prepayments and accrued income .....	12,881	0
Cash and cash equivalents.....	195,179	20
<b>Total assets</b> .....	208,060	20
<b>Liabilities</b>		
<b>Equity</b>		
Share capital paid up and called up.....	20	20
Retained earnings .....	(1,920)	0
<b>Long-term liabilities</b>		
Other long-term liabilities .....	9,000	0
Current liabilities .....	200,960	0
<b>Total liabilities</b> .....	208,060	20

## STATEMENT OF INCOME OF NUON FINANCE B.V.

	Year ended 31 December 2002	Period from 4 October to 31 December 2001
	<i>(in thousands of euro)</i>	
Cost of work contracted and other external expenses.....	(1)	0
<b>Total operating expenses</b> .....	(1)	0
Interest and similar income .....	9,241	0
Interest and similar expenses.....	(12,318)	0
Translation differences.....	96	0
Income before taxes .....	(2,982)	
Taxes .....	1,062	0
Net income .....	(1,920)	0



## CAPITALISATION AND INDEBTEDNESS OF NUON FINANCE B.V.

The authorised capital of the Issuer is Euro 100,000 divided into 1,000 ordinary shares of Euro 100 each, of which 200 are issued and fully paid up shares.

The following table shows the capitalisation and indebtedness of the Issuer as at 31 December 2002. There has been no material change in the capitalisation and indebtedness of the Issuer since 31 December 2002.

	<b>As at 31 December 2002</b>
	<i>(in thousands of euro)</i>
<b>Long-term debt</b>	
Other long-term liabilities .....	9,000
<b>Short-term debt</b> .....	<u>200,000</u>
<b>Total debt</b> .....	209,000
<b>Shareholder's equity</b>	
Called up share capital .....	20
Retained earnings .....	<u>(1,920)</u>
Total shareholders' equity .....	<u>(1,900)</u>
<b>Total Capitalisation and Indebtedness</b> .....	<u><u>(207,100)</u></u>

## **AUDITORS' REPORT RELATING TO NUON FINANCE B.V.**

**To the Director of Nuon Finance B.V.:**

In our opinion, the Balance Sheets and Statements of Income of Nuon Finance B.V. for the years ended 31 December 2002 and 31 December 2001, as included in this Information Memorandum on page 40, are consistent, in all material respects, with the financial statements for the year ended 31 December 2002 from which they have been derived. We issued an unqualified auditors' report on these financial statements on 23 April 2003.

For a better understanding of the company's financial position and results and of the scope of our audit, the Balance Sheets and Statements of Income should be read in conjunction with the financial statements from which they have been derived and our auditors' report thereon.

Arnhem, 24 April 2003

PricewaterhouseCoopers Accountants N.V.

## n.v. NUON

The figures contained in this description relate solely to the consolidated figures as mentioned in the annual report 2002 of n.v. Nuon.

### Incorporation and shareholders

n.v. Nuon (the “**Guarantor**” or “**Nuon**”) was incorporated on 17 December 1998. Nuon is registered in the Amsterdam Chamber of Commerce under number 34108286. It is a limited liability corporation duly incorporated under the laws of The Netherlands and has its registered office at Spaklerweg 20, 1096 BA Amsterdam, the Netherlands.

Nuon’s Articles of Association were last amended by notarial deed executed on 1 May 2000 before Mr. G.W.C. Visser, Notary Public in Amsterdam, the drafts of these articles having received the approval of the Minister of Justice, number NV1055802.

Nuon was formed through the merger of energy companies in the provinces of Noord-Holland, Zuid-Holland, Gelderland, Flevoland and Friesland. Nuon’s shareholders comprise almost 80 public authorities, including the Province of Gelderland (44.5%), Province of Friesland (12.6%), Province of Noord Holland (9.7%) and the Municipality of Amsterdam (9.7%). These four largest shareholders have a controlling interest of 76.5%.

### Profile

Nuon is one of the two largest energy distribution-supply companies in the Netherlands, representing about 36% and 30% of the electricity and gas markets respectively. The majority of the Nuon’s revenue derives from the retail of energy (about 80%) but the bulk of its operating profit stems from its steadily growing regulated distribution businesses. Other activities include heating, water distribution, renewables and energy-related services. Its international operations in Germany, Belgium and the United States represent more than 5% of total revenue. Some are operated through joint ventures. Nuon focuses on distributing these products and services to both the consumer and business markets. In the year 2002, Nuon generated revenue of EUR 4,357 million (2001: EUR 4,530 million) and EBITDA of EUR 783 million (2001: EUR 914 million).

Nuon’s core markets include the following:

- **Electricity.** Nuon is the largest electricity distributor in the Netherlands with a market share of 36% based on customers and a total customer base of over 2.7 million. Nuon operates an extensive 94,000 km electricity network and can support a peak load of about 6,000 MW. The Dutch electricity market began the process of deregulation in 1999, first liberalizing energy for large corporations. Electricity is anticipated to move to a free market system in January 2004. As of July 2001, the retail market for green electricity has already been liberalised. Nuon is the market leader in this segment with a market share, in terms of customer numbers, of 33%.
- **Gas.** Nuon is the largest gas distributor in the Netherlands with a market share of 30% based on customers servicing over 2.1 million customers. Nuon’s gas network is extensive with almost 35,000 km of coverage. As with the electricity market, the Dutch gas market shall reach full deregulation in January 2004.
- **Renewables.** This business area consists of products such as wind, hydro, biomass and solar power. Nuon is also the largest producer of renewable energy in the Netherlands and has the ambition to become one of the top 5 players in this area in Europe. Within a few years, Nuon aims to have approximately 2,000MW of renewable production capacity (2002 year-end: around 500MW).
- **Water.** Vitens, into which Nuon Water merged in May 2002, is the largest residential water distribution company in the Netherlands with a 23% market share based on customers, servicing approximately 1.5 million customers. Nuon is the largest shareholder in this company (36%). The Dutch water market remains regulated resulting in regional monopolies for suppliers and distributors such as Vitens. Furthermore, Nuon is an active player in the market for total water solutions, ranging from the production/purification of water to waste water services.
- **Other** businesses include heat, which represents about 1% of Nuon’s revenues. Nuon also offers other complementary services such as home heating (e.g. Feenstra) and business security to enhance its product and service offerings by fulfilling the trend in customer demand for a full-service, “stress-free,” utility package.

## The regulatory framework

In line with European Union (EU) Directives, members of the EU have embarked on a process of deregulation and liberalisation of the EU energy markets. The EU directive was implemented in the Netherlands through the Electricity Act (1998) (the “**Electricity Act**”) and the Gas Act (2000) (the “**Gas Act**”, and, together with the Electricity Act, the “**Acts**”). These outlined the liberalisation process which is being completed according to the timetable set out below:

<u>Year</u>	<u>Electricity</u>	<u>Gas</u>
1 January 1999	Customers > 2MW	—
1 January 2000	—	Customers > 10 million m <sup>3</sup>
1 January 2002	Customers > 3*80 A	Customers > 1 million m <sup>3</sup>
1 January 2004	Customers < 3*80 A	Customers < 1 million m <sup>3</sup>

A regulatory body was set up to control the transition of the Dutch electricity supply industry into a free market to safeguard market stability and to protect captive customers during the first stages of liberalisation. This regulatory authority for the Dutch energy sector is called “*Dienst Uitvoering en Toezicht Energie*” (“**DTe**”), the Dutch Energy Regulatory Service, which is a special department of the Dutch Antitrust Authority, the NMa. Tasks and responsibilities of DTe are laid down in the Acts.

DTe sets tariffs based on annual inflation less a predetermined efficiency factor (X). This formula is applied separately to transport tariffs and supply tariffs. A clear distinction has to be made between regulation for (a) transport and (b) supply:

- (a) No end date is set for transport tariffs for electricity. Transport tariffs for gas are set as follows:
  - Large sized companies: negotiated TPA;
  - Medium sized companies: negotiated TPA;
  - Small sized companies/residential customers: negotiated TPA as of 2004.
- (b) Tariffs for supply for non-liberalized markets are set until start of liberalization of that particular market.

With respect to transport, all decisions regarding the X-factor for the electricity market were annulled by the CBb (appeal court) last December. DTe has been ordered to set a generic X-factor for the period 2001-2003 that applies to all energy companies. This is not expected before the summer of 2003. As a result DTe has not taken decisions on the tariffs for 2003. Consequently the 2002 tariffs are still valid for the time being. An amendment to the Electricity Act regarding a flexible X-factor is still under discussion in Parliament. Basically the same situation is applicable to the gas market.

## Highlights and market position

- Acquiring Demkolec (100%, October 2001), an electricity production company that applies innovative, environment-friendly technologies to produce electricity from coal (coal gasification). The value of the transaction equaled EUR 102.5 million;
- Acquiring DESA S.A. in Spain (100%, November 2001) for EUR 123 million. This transaction included 6 existing wind farms plus concessions for future development for a total of 620MW (now 130MW);
- Acquiring Utilities Inc. (100%, March 2002) the largest privately owned U.S. water utility, with activities in sixteen states and a client base of 235,000 customers in 2000. The value of the transaction equated to approximately EUR 390 million, including debt of EUR 85 million (EUR/USD March 2002);
- Acquiring a stake of 75.1% in German energy trader Energieunion (November 2002);
- Intending to acquire Reliant Energy Europe B.V. (REE), parent company of Reliant Energy Power Generation Benelux B.V. (REPGB), for EUR 985 million. REPGB has a total of approximately 3,500 MW of generation capacity or a 17% market share in the Dutch market. In 2002, REPGB sold 15 TWh of electricity, equivalent to 18% of the total domestic generation market, making it the third largest generation company in the Netherlands. For the year ending December 31, 2002, REPGB had net revenues of EUR 2,655 million (including trading revenue) and reported an EBITDA of EUR 209 million (EUR 107 million, excluding one time items). The proposed acquisition of Reliant Benelux is subject to approval by the Dutch Antitrust Authority.

In 1999, Nuon and Essent divested Elektriciteitsproduktiemaatschappij Oost en Noord Nederland (EPON) to the Belgian company, Electrabel. Nuon and Essent were both 50% owners of EPON. Since then the market environment has changed drastically. In response, Nuon has changed its strategy, buying Demkolec as stated above, adding 250 MW of generation capacity in order to complement its trading activities. In addition Nuon entered into an exclusive off-take contract with Intergen, securing 800 MW of generation capacity. This capacity is now under construction and is anticipated to become available in 2005. Nuon also has over 150 MW of wind capacity in the Netherlands. With the addition of REPGB's generation assets, Nuon will be able to supply 60% of its needs from its own capacity.

### **Business strategy**

The core of Nuon's activities consists of sales to an energy-retail/wholesale customer base, sourcing/trading, distribution and flexible generation/storage assets. These activities not only generate stand-alone value but also reinforce each other. In addition, Nuon believes in the strong potential of renewable and green energy and aspires to a leading position in these markets.

For the core of Nuon's activities the geographical focus is on the Benelux and Germany. The renewables activity focuses on Europe as we see this market integrating across Europe.

Nuon's business strategy can be summarized as follows:

- Creating a solid base for business:
  - Nuon strives to be 'best in class' in all operations it undertakes, both in its Dutch and its international operations.
- Developing 'world class' core competences. In accordance with Nuon's vision, the following competences are viewed as critical:
  - Excellent customer care;
  - Sourcing, trading and risk management operations that lead to competitive pricing;
  - Excellent asset management of Nuon's infrastructure;
  - Developing and managing a clear and simple marketing concept;
  - Developing new products/services.
- Realizing profit enhancing growth. Nuon seeks growth in two directions:
  - Scale: the strategic choice to play a role as marketer, supplier and distributor demands a certain scale. The scale enables the development of new products and services, lower average costs per customer and optimal use of Nuon's core competences;
  - Scope: by developing new products and services with added value for its customers, Nuon creates new sources of revenue with a positive effect on margins.

### **Financial performance**

Nuon recorded a 2002 operating profit of EUR 350 million (2001: EUR 489 million), a decline of 28%. Total operating revenues were unchanged compared to 2001 at EUR 4.7 billion. Net profit decreased 60% to EUR 152 million (including the one off contribution to profit from the merger of Nuon Water and Vitens amounting to EUR 57 million) (2001: EUR 375 million), partially reflecting the first full payment of corporate tax (EUR 87 million). Shareholders are entitled to declare a 2002 dividend of EUR 53 million (2001: EUR 136 million). Solvency remained high at 44% (2001: 47%). The number of renewable-energy customers doubled in 2002 to 460,000 (end of 2001: 225,000).

#### *Operating revenues*

Total 2002 operating revenues were affected by, among others:

- Portfolio changes, including the deconsolidation of Nuon Water and the consolidation of the US drinking-water company, Utilities Inc.
- Developments in volume and margin in the business market, due to liberalisation, effective 1 January 2002. Power volume delivered to this market decreased by approximately 20%. Gas volume delivered to this market increased by approximately 10%. Power and gas volumes contracted for 2003 indicate a stable market position compared to 2002.
- Power and gas volume delivered to the Dutch retail market remained close to the levels recorded in 2001.

- Operating revenues from other activities (including energy-related services in the 'Goedgeregeld' package) rose 5% to EUR 861 million.

#### *Operating profit*

Operating profit in 2002 was affected by the following factors:

- The investments to improve automation and systems of the customer and company processes are much more sizeable than expected. The adjustment of the relevant customer systems have been much more complex than expected. This has resulted in sizeable extra costs. Furthermore, additional investments were necessary to bring customer service to a good level.
- Contributions to necessary provisions for, among other things, reorganisations and seeing that customer data is in order.
- Write downs of some loss-making assets, including a large number of energy plants.
- A one time gain of EUR 57 million related to the divestment of Nuon Water to Vitens.

#### *Balance-sheet total*

The 2002 year-end balance-sheet total was over 7% higher at EUR 9.6 billion (2001 year-end: EUR 9.0 billion). Shareholders' equity at 2002 year-end was close to EUR 4.3 billion, almost unchanged compared to 2001.

#### *Other*

- In April 2002 Nuon signed a EUR 1 billion 364-day revolving credit facility (currently being extended) and in December 2002 a EUR 1 billion 5-year revolving credit facility. On the signing date of the latter the 364-day facility was reduced to EUR 0.5 billion.
- In 2002 Nuon increased the size of its ECP-program from EUR 0.5 billion to EUR 1.5 billion.

## MANAGEMENT OF n.v. NUON

### Supervisory Board

At present, the Supervisory Board consists of the following persons:

W. Meijer, chairman  
J.C. Boxem  
D.J. Haank  
P.F. van der Heijden  
J.B. Irik  
L. Koopmans

H.M. Meijdam  
M. Minderhoud  
R.A.M. van der Sande  
J.H. Schraven  
H. Zwarts  
A.H. Kaper  
P. Bouw

### Managing Board

L.M.J. van Halderen, chair  
H. Visser (until 1 May 2003)  
C.W.J. Kok (until 1 May 2003)  
P. Erich (from 1 May 2003)

The contact address for both the Managing Board and the Supervisory Board is:

n.v. Nuon, Spaklerweg 20, 1096 BA Amsterdam – P.O. Box 41920, 1009 DC Amsterdam, the Netherlands.

## PRINCIPAL SUBSIDIARIES OF n.v. NUON

n.v. Nuon Energy & Water Investments  
N.V. Norit Holding  
N.V. NUON Facilitair Bedrijf  
n.v. Nuon Inkoop & Logistiek  
Nuon Finance B.V.  
Shared Service Center B.V.  
Nuon ICT B.V.  
n.v. Nuon Infra  
Nuon Infraservices B.V.  
n.v. Nuon Warmte  
n.v. Nuon Customer Care Center  
n.v. Nuon Projectbureau Bijzondere Nieuwbouwlocaties  
Nuon Technical Projects & Consultancy B.V.  
N.V. Continuon Netbeheer  
Noord West Net N.V.  
EWR Netbeheer B.V.  
n.v. Nuon Energy Trade & Wholesale  
Nuon Deutschland GmbH  
Nuon Belgium NV  
N.V. NUON Exploitatie Energiesystemen  
n.v. Nuon Development & Production  
Nuon Retail B.V.  
Dynamicom B.V.  
n.v. Nuon Transport  
n.v. Nuon Infra Oost  
n.v. Nuon Infra West  
n.v. Continuon Energielevering  
N.V. Nuon Energielevering  
North Coast Energy Inc  
Norit N.V.  
Utilities Inc.  
Nuon Power Buggenum B.V.  
Nuon España S.L.  
Feenstra Verwarming B.V.



## CAPITALISATION AND INDEBTEDNESS OF n.v. NUON

The following table sets out the capitalisation and indebtedness of n.v. Nuon as at 31 December 2002, and is derived from the consolidated financial statements of n.v. Nuon as at 31 December 2002. There has been no material change in the capitalisation and indebtedness of n.v. Nuon since 31 December 2002.

	As at <b>31 December 2002</b>
	<i>(in millions of euro)</i>
<b>Long-term debt</b>	
Subordinated convertible loans.....	94
Subordinated loans.....	221
Other long-term liabilities .....	1,315
<b>Total long-term debt .....</b>	<b>1,630</b>
<b>Short-term debt .....</b>	<b>798</b>
<b>Total debt.....</b>	<b>2,428</b>
<b>Shareholders' equity</b>	
Share capital paid up and called up.....	644
Paid in surplus .....	711
Other reserves .....	2,763
Retained earnings .....	152
Minority interests in the shareholders' equity of group companies.....	13
<b>Total shareholders' equity.....</b>	<b>4,283</b>
<b>TOTAL CAPITALISATION AND INDEBTEDNESS .....</b>	<b>6,711</b>

The authorised capital of n.v. Nuon amounts to EUR 1.75 billion, divided into 350 million shares having a face value of EUR 5 each. At the end of 2002, 128,693,422 shares were in issue and fully paid up. The number of shares to be issued under the surplus scheme is 7,432,734 so that the number of ordinary shares in issue and issuable shares totals 136,126,156.

## **SUMMARY FINANCIAL INFORMATION RELATING TO n.v. NUON**

The following tables set out in summary form balance sheet and income statement information relating to n.v. Nuon. Such information is derived from the audited financial statements of n.v. Nuon as at and for the years ended 31 December 2002 and 2001. Such financial statements and the accompanying notes, together with the reports of the auditors, are incorporated by reference into this Information Memorandum. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

## CONSOLIDATED BALANCE SHEET

(Before income appropriation)

	Year ended 31 December 2002	2001
	<i>(in millions of euro)</i>	
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets .....	718	609
<b>Tangible fixed assets</b>		
Land and buildings.....	462	466
Plant and machinery .....	5,230	5,016
Other fixed assets and work in progress .....	493	452
	6,185	5,934
<b>Financial fixed assets</b>		
Investments in and loans to participating interests .....	180	148
Deferred tax assets .....	581	615
Other investments and loans .....	37	39
	798	802
	7,701	7,345
<b>Current assets</b>		
Stocks .....	141	105
Receivables, prepayments and accrued income .....	1,413	1,093
Securities .....	182	182
Cash and cash equivalents.....	186	247
	1,922	1,627
<b>Total assets</b> .....	9,623	8,972
<b>LIABILITIES</b>		
<b>Shareholder's equity</b>		
Share capital paid up and called up.....	644	641
Paid in surplus .....	711	704
Other reserves .....	2,763	2,542
Retained earnings .....	152	375
	4,270	4,262
Minority interests in the shareholders' equity of group companies.....	13	20
	4,283	4,282
Provisions.....	665	735
<b>Long-term liabilities</b>		
Subordinated convertible loans.....	94	94
Subordinated loans.....	221	229
Other long-term liabilities .....	1,315	1,354
	1,630	1,677
Current liabilities .....	1,184	905
Accruals and deferred income.....	1,861	1,373
<b>Total liabilities</b> .....	9,623	8,972

## CONSOLIDATED STATEMENT OF INCOME

	Year ended 31 December	
	2002	2001
	<i>(in millions of euro)</i>	
<b>Net sales</b>		
– electricity .....	1,868	1,999
– gas .....	1,552	1,535
– heat .....	76	68
– other .....	861	928
	4,357	4,530
Cost of sales .....	(2,612)	(2,712)
	1,745	1,818
Gross margin .....	138	128
Own work capitalised .....	176	64
Other operating income .....	57	20
Extraordinary income .....	371	212
	2,116	2,030
<b>Gross margin and other operating income</b> .....	(693)	(563)
Costs of work contracted out and other external expenses .....	(574)	(524)
Staff costs .....	(433)	(425)
Amortisation and depreciation .....	(66)	(29)
Other operating expenses .....	(1,766)	(1,541)
Total operating expenses .....	350	489
<b>Operating income</b> .....	20	25
Interest and similar income .....	(143)	(120)
Interest and similar expenses .....	(123)	(95)
	227	394
<b>Income before taxes</b> .....	(87)	(10)
Taxes .....	10	(10)
Income from non-consolidated participations .....	150	374
Income from normal operations .....	2	1
Minority interests .....	152	375
<b>Net income</b> .....	152	375

## **AUDITORS' REPORT RELATING TO n.v. NUON**

### **To the Directors of n.v. Nuon:**

In our opinion, the Consolidated Balance Sheets and Consolidated Statements of Income of n.v. Nuon for the years ended 31 December 2002 and 31 December 2001, as included in this Information Memorandum on pages 51 and 52, are consistent, in all material respects, with the financial statements for the years ended 31 December 2002 and 31 December 2001 from which they have been derived. We issued unqualified auditors' reports on these financial statements on 3 April 2003 and 21 March 2002.

For a better understanding of the company's financial position and results and of the scope of our audit, the Balance Sheets and Statements of Income should be read in conjunction with the financial statements from which they have been derived and our auditors' reports thereon.

Arnhem, 24 April 2003

PricewaterhouseCoopers Accountants N.V.

## NETHERLANDS TAXATION

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offering Circular and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Notes. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Notes under the laws of their country of citizenship, residence, domicile or incorporation.

### 1. Withholding Tax

All payments by the Issuer of interest and principal under the Notes or Coupons can be made free of withholding or deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt as referred to in Article 10, paragraph 1; sub d of the Dutch Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*).

### 2. Taxes on Income and Capital Gains

A holder of a Note or Coupon who derives income from a Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon will not be subject to Dutch taxation on such income or capital gains unless:

- (i) the holder is, or is deemed to be, resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or
- (ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) in The Netherlands; or
- (iii) the holder is not an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer and such interest does not form part of the assets of an enterprise; or
- (iv) the holder is an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) in the Issuer or such income or gain otherwise qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

### 3. Gift, Estate or Inheritance Taxes

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note or Coupon by way of gift by, or on the death of, a holder, unless:

- (i) the holder is, or is treated as, resident of The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or as a gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident of The Netherlands for the purpose of the relevant provisions; or
- (iii) such Note or Coupon is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands.

### 4. Value Added Tax

There is no Dutch value added tax payable by a holder of a Note or Coupon in respect of payments in consideration for the issue of the Notes or Coupons or in respect of the payment of interest or principal under the Notes or Coupons, or the transfer of the Notes or Coupons.

## **5. Other Taxes and Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note or Coupon in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or Coupons or the performance of the Issuer's obligations under the Notes or Coupons.

## **6. Residence**

A holder of a Note or Coupon will not be treated as resident of The Netherlands by reason only of the holding of a Note or Coupon or the execution, performance, delivery and/or enforcement of the Notes or Coupons.

### **Proposed European Directive on the Taxation of Savings Income**

On 21 January 2003 the EU Council of Economic and Finance Ministers agreed to adopt a new directive regarding the taxation of savings income. It is proposed that each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg will instead apply a withholding system for a transitional period in relation to such payments. The proposed directive may be subject to further amendment and/or clarification.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealer agreement (the “**Dealer Agreement**”) dated 24 April 2003 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Dealer Agreement, the Issuer and the Guarantor have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes (other than any Notes issued with an initial maturity of 365 days or less) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed, except as permitted by the Dealer Agreement it will not offer, sell or deliver Notes of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restriction on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issue of Index-Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement.

Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

### United Kingdom

Each Dealer has represented and agreed that:

- (i) **No offer to the public:** in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) **General Compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom;
- (iii) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and



- (iv) **No deposit-taking:** in relation to any Notes having a maturity date of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

## Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## The Netherlands / Global

- (I) Any Notes (including rights representing an interest in a Note in global form) issued under the Programme that are offered *anywhere in the world* shall, in order to comply with the Netherlands Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*, hereinafter the “**WTE**”) only be offered:
  - (i) if such Notes have been or are likely to be shortly admitted to listing on the Official Segment of the stock market of Euronext Amsterdam N.V. which will be the case at the publication of the advertisement (the “**Advertisement**”) referred to in article 47.7 of the Listing and Issuing Rules of Euronext Amsterdam N.V. (*Fondsenreglement*), and provided that before the time such Notes are likely to be shortly so admitted, no contractually binding offers (or solicitations of such offers) will be or will have been made in respect of the Notes to any one anywhere in the world other than to individuals or legal entities as referred to in (iv) hereinafter and that any such offers (or solicitations of such offers) will be or will have been made without any documents or advertisements in which the offering of such Notes is publicly announced (whether electronically or otherwise) being disclosed or transmitted to such individuals or legal entities as referred to in (iv) hereinafter, prior to the publication of the Advertisement; or
  - (ii) subject to the proviso stated below, in the event that (a) such Notes have been admitted to the official listing on a stock exchange or have otherwise been publicly offered in another state which is a party to the Treaty on the European Economic Area (hereinafter the “**EEA**”) and (b) this Information Memorandum has been approved by, and the applicable Pricing Supplement has been submitted to or approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and (c) the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “**AFM**”) has confirmed, where necessary, the availability of recognition in respect of such documents; or
  - (iii) if they are part of a Series comprising only Notes with a denomination of at least EUR 45,379 or the equivalent in any other currency provided that if any such Notes are issued:
    - (1) at a discount, they may only be offered if their issue price is no less than EUR 45,379 (or its equivalent in any other currency);
    - (2) on a partly-paid basis, they may only be offered if paid-up by their initial holders to at least such amount;
    - (3) with a denomination of precisely EUR 45,379 (or its equivalent in any other currency), they may only be offered on a fully-paid basis and at par or at a premium; or

- (iv) to individuals or legal entities who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner), in which case:
  - (a) it must be made clear both upon making the offer and in any documents or advertisements in which a forthcoming offering of such Notes is publicly announced (whether electronically or otherwise) that such offer is exclusively made to the said individuals or legal entities; and
  - (b) a copy of this Information Memorandum and the applicable Pricing Supplement must be submitted to the AFM before the issue date; or
- (v) (for syndicated Series of Notes) if the following criteria are met:
  - (a) the Notes are subscribed for and placed by a syndicate of which at least two members are established in different states that are a party to the Treaty on the EEA; and
  - (b) 60 per cent. or more of the Series of Notes issued is placed by syndicate members which are established in one or more states other than the Netherlands; and
  - (c) investors may only acquire the Notes being offered through the intermediary of a credit institution (registered with the Dutch Central Bank) or another financial institution which in the conduct of a business or profession provides one or more of the services described in paragraphs 7 and 8 of the Annex to the Banking Coordination Directive (2000/12/EC);
 

provided that the Issuer and each relevant Dealer has further represented and agreed that it has not publicly promoted and shall not publicly promote (whether electronically or otherwise) the offer or sale of such Notes by conducting a generalised advertising or cold-calling campaign *anywhere in the world*; or
- (vi) if all Notes pertaining to any particular Series are purchased by one or more Dealers acting as principals, and such Dealers:
  - (1) are not incorporated in or acting through a branch office in the Netherlands; and
  - (2) qualify as professional market parties (as described under (iv) above); and
  - (3) offer all such Notes exclusively outside the Netherlands;
- (vii) if any other exemption from the prohibition contained in article 3 paragraph 1 of the Netherlands Securities Act applies or if the AFM has granted an (individual) dispensation from the above prohibition and the conditions attached to such exemption or dispensation are fully complied with.

Provided that in the case of (ii) above:

- (a) the Issuer, the Guarantor and the relevant Dealer or Dealers procure that any advertisement or document in which a forthcoming offering of Notes is publicly announced (whether electronically or otherwise) will be submitted to the AFM prior to publication thereof and will mention the respective dates on which the Information Memorandum and the applicable Pricing Supplement were published and were made available or (as the case may be) will be published and will be made available for inspection at the registered office of the Issuer and at the office of the Agent; and
- (b) each relevant Dealer severally represents and agrees that prior to the submission of this Information Memorandum (with the approval of the competent authorities) and the applicable Pricing Supplement to the AFM and the publication thereof in accordance with (a) above:
  - (i) it has not offered, transferred or sold any Notes and will not, directly or indirectly, offer, transfer or sell any Notes except to individuals or legal entities as referred to in (iv) above; and
  - (ii) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes (whether electronically or otherwise) or it has complied and will comply with the conditions under (iv)(a) and (b) above;

and each invitation telex and Pricing Supplement in respect of such Notes will set forth the restrictions under (i) and (ii) above.

- (II) In addition and without prejudice to the relevant restrictions set out under (I) above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. (*toegelaten instelling*), admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended). No such mediation is required (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987 attached to the Royal Decree of 11 March 1987 (*Staatscourant 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. As used herein “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

#### **Federal Republic of Germany**

Each Dealer has confirmed that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Programme and that such Dealer will comply with the Securities Sales Prospectus Act (the “SSPA”) of the Federal Republic of Germany (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990 (as amended). In particular, each Dealer represented that it has not engaged and has undertaken not to engage in public offering (*öffentliches Angebot*) or other selling activities in the Federal Republic of Germany with respect to any Notes issued under the Programme otherwise than in accordance with the SSPA and any other legislation replacing or supplementing the SSPA and all other applicable laws and regulations.

#### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or deliveries and the Issuer shall not have any responsibility therefor.

None of the Issuer, the Guarantor nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the applicable Pricing Supplement.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by a resolution of the Management Board of the Issuer dated 3 December 2001 and by a resolution of the Supervisory Board of the Guarantor dated 8 June 2001. The giving of the guarantee contained in the Guarantee has been duly authorised by a resolution of the Management Board of the Guarantor dated 1 May 2001. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer and the Guarantor under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Dealer Agreement, the Agency Agreement and the Notes and for the Guarantor to undertake and perform its obligations under the Guarantee, the Dealer Agreement and the Agency Agreement.

### Listing

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange and, in connection therewith, the Luxembourg Stock Exchange has assigned registration number 12638 to the Programme. Prior to the listing of any Notes, the constitutional documents of the Issuer and the legal notice relating to the issue will be registered with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where copies of these documents may be obtained upon request.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

### Documents Available

From the date hereof, so long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will, when published, be available from the registered office of the Guarantor and from the specified offices of any Paying Agent or the specified office of the Listing Agent in Luxembourg:

- (i) the Articles of Association of the Issuer and the Guarantor;
- (ii) the most recently published audited annual financial statements and any interim six monthly statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor from time to time;
- (iii) the audited financial statements and interim financial statements (if any) of the Issuer for each financial year ending after the date of this Information Memorandum in respect of which audited financial statements have been prepared;
- (iv) all supplements to this Information Memorandum circulated by the Issuer and the Guarantor from time to time in accordance with the undertaking given by the Issuer and the Guarantor in the Dealer Agreement (as defined in "Subscription and Sale" herein);
- (v) the Dealer Agreement, the Agency Agreement (which contains the forms of the temporary and permanent global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons) and the Guarantee;
- (vi) a copy of this Information Memorandum;
- (vii) any future information memoranda, offering circulars, prospectuses and supplements to this Information Memorandum and any other documents incorporated herein or therein by reference; and
- (viii) the Pricing Supplement for each Tranche of Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Pricing Supplement will only be available for inspection by the relevant Noteholders).

**Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg and any other relevant security code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

**Significant Change**

There has been no significant change in the financial or trading position or prospects of the Issuer or the Guarantor and its subsidiaries and there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor and its subsidiaries, taken as a whole, since 31 December 2002.

**Litigation**

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had during the twelve months prior to the date hereof a significant effect on the financial position of the Issuer or the Guarantor and its subsidiaries taken as a whole.

**Auditors**

PricewaterhouseCoopers Accountants N.V., as auditors of the Issuer and the Guarantor, have audited the accounts of the Issuer for the financial year ended 31 December 2002 and the Guarantor for the financial years ended 31 December 2001 and 31 December 2002 in accordance with generally accepted accounting principles and practices in the Netherlands. There is no legal requirement in the Netherlands for the Issuer to have its financial statements audited.

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