



Council of Europe Development Bank

Euro Medium Term Note Programme

Application has been made to *Société de la Bourse de Luxembourg SA* (the "Luxembourg Stock Exchange") for debt instruments issued under the programme (the "Notes") described in this document (the "Programme") to be listed on the Luxembourg Stock Exchange. Application may also be made to list the Notes on any other stock exchange, subject to approval by the relevant authorities.

**Arranger
BNP PARIBAS**

Dealers

**BNP PARIBAS
Morgan Stanley
Tokyo-Mitsubishi International plc**

**Merrill Lynch International
Nomura International
UBS Warburg**

This document replaces the previous Offering Circular dated 11 July, 2000 in its entirety.

Council of Europe Development Bank (the "Issuer" or the "Bank") having made all reasonable enquiries confirms that this Offering Circular together with the relevant Pricing Supplement (as defined herein) contains all information which is material in the context of the issue of Notes by the Issuer, that the statements contained in this Offering Circular relating to the Issuer and the Notes to be used by it are true and accurate in all material respects and not misleading in any material respect and that, to the best of the knowledge and belief of the Issuer, there are no other facts the omission of which would, in the context of the Issue of the Notes, make any statement in this Offering Circular misleading in any material respect and that all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements and the opinions and intentions expressed herein are honestly held. Accordingly, the Issuer accepts responsibility for the information contained in this Offering Circular.

This Offering Circular must be read in conjunction with all documents deemed to be incorporated by reference (see under "Documents Incorporated by Reference") and shall be construed accordingly.

No person has been authorised to give any information or to make any representation regarding the Issuer or the Notes other than as contained or incorporated by reference in this Offering Circular or in any published information or as approved for such purpose by the Issuer and, if given or made, any such information or representation should not be relied upon as having been authorised by the Issuer or the Dealers named under "Subscription and Sale" or any of them.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this document has been most recently amended or supplemented or in respect of the Issuer since the balance sheet date of the most recent financial statements relating to it which are deemed to be incorporated into this document by reference.

This Offering Circular may be used in connection with the listing of not more than EURO15,000,000,000 in aggregate principal amount of Notes outstanding at any time (or the equivalent in any other currency at the date of the agreement for the issue of such Notes).

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Notes see "Subscription and Sale". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and may include Notes in bearer form which 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, or for the account or benefit of, U.S. persons. In addition, the Issuer has not authorised any offer of Notes to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the "Regulations"). Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

Neither the Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers or any of them that any recipient of the Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of the Offering Circular or any Pricing Supplement shall be taken to have made its own investigations and appraisal of the conditions (financial or otherwise) of the Issuer.

In this Offering Circular, references to "Euro" are to the single currency introduced in the member states of the European Community which adopted such single currency at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty of European Union.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Offering Circular.

- (i) the most recent available audited financial statements of the Issuer beginning with such financial statements for the years ended 31 December, 1999 and 31 December, 2000; and
- (ii) any amendment or supplement to this Offering Circular.

except that any statement contained in this document and any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in a document subsequently incorporated by reference in this Offering Circular modifies or supersedes that statement.

References in this "Offering Circular" shall be taken to mean this document and all the documents from time to time incorporated herein and forming a part hereof.

The Issuer has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "Terms and Conditions of the Notes", that is material in the context of issuance, under the Programme the Issuer will prepare or procure the preparation of an amendment or supplement to the Offering Circular or, as the case may be, publish a new Offering Circular, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon the oral or written request therefor, a copy of this document and any or all of the documents incorporated herein by reference. Written or oral requests for any such documents should be directed to the specified office of the Fiscal Agent or the specified office of the Paying Agent in Luxembourg.

TABLE OF CONTENTS

	<i>Page</i>
Summary of the Programme	5
Use of Proceeds	7
Council of Europe Development Bank	8
Terms and Conditions of the Notes	11
Provisions relating to the Notes whilst in Global Form	27
Form of Pricing Supplement	30
Subscription and Sale	35
General Information	37

In connection with the issue and distribution of Notes under the Programme, the dealer who is specified in the Pricing Supplement in relation to the relevant Notes may over-allot or effect transactions which stabilise or maintain the market price of the Notes of the relevant Series at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such transactions should be carried out in accordance with all relevant laws, regulations and rules.

SUMMARY OF THE PROGRAMME

The following is a brief summary only and should be read in conjunction with the rest of this document and, in relation to any Notes, in conjunction with the relevant Pricing Supplement and, to the extent applicable, the Terms and Conditions of the Notes set out herein.

Issuer:	Council of Europe Development Bank.
Arranger:	BNP Paribas
Dealers:	BNP Paribas, Merrill Lynch International, Morgan Stanley & Co. International Limited, Nomura International plc, Tokyo-Mitsubishi International, UBS AG, acting through its financial services group UBS Warburg and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche (as defined below) of Notes. The Issuer may sell Notes issued under the Programme to any institutions who do not become Dealers under the Programme.
Fiscal Agent:	Deutsche Bank AG London
Principal Registrar:	Bankers Trust Company, New York.
Alternative Registrar:	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent:	Kredietbank S.A. Luxembourgeoise
Initial Programme Amount:	EURO 15,000,000,000 (or its approximate equivalent in other currencies at the date of the agreement to issue any Tranche (as defined below) of Notes). The maximum aggregate principal amount of Notes permitted to be outstanding at any one time under the Programme is set out in the Offering Circular. The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under "Subscription and Sale".
Issuance in Series:	Notes will be issued in series (each, a "Series"). Each Series may comprise one or more tranches ("Tranches" and each, a "Tranche") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue price, issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Form of Notes:	Notes may be issued in bearer form or in registered form. In respect of each Tranche of Notes issued in bearer form, the Issuer will deliver a temporary global Note (a "Temporary Global Note") or (if so specified in the relevant Pricing Supplement in respect of Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") applies (as so specified in such Pricing Supplement) a permanent global Note (a "Permanent Global Note"). Such global Note will be deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg") and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Notes in definitive bearer form ("Definitive Note") and/or (if so specified in the relevant Pricing Supplement) registered form in accordance with its terms ("Registered Notes"). Each Permanent Global Note will be

exchangeable for Definitive Notes and/or (if so specified in the relevant Pricing Supplement) Registered Notes in accordance with its terms. (See further under "Provisions Relating to the Notes whilst in Global Form" below). Definitive Notes will, if interest-bearing, either have interest coupons ("Coupons") attached and, if appropriate, a talon ("Talon") for further Coupons and will, if the principal thereof is repayable by installments, have payment receipts ("Receipts") attached. Each Note issued in registered form shall represent the entire holding of Registered Notes by the same Holder. A Registered Note may be registered in the name of a nominee for one or more clearing system and such a Note is referred to herein as a "Global Registered Note".

Currencies:

Notes may be denominated in any currency or currencies, including, without limitation, Euro, Japanese Yen, Sterling and United States Dollars, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where the proceeds of the issue of any Note with a maturity of less than 365 days are to be accepted by the Issuer in the United Kingdom, such Notes will be "commercial paper", issued in accordance with the regulations made under section 4 of the Banking Act 1987.

Status:

Notes will be issued on an unsubordinated basis, unless otherwise specified in the relevant Pricing Supplement.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

Maturities:

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption:

Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement.

Unless permitted by then current laws and regulations, Notes (including Sterling Notes) with a maturity of less than 365 days in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Early Redemption:

Early Redemption will be permitted only to the extent specified in the relevant Pricing Supplement.

Interest:

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.

Denominations:

Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Unless permitted by then current laws and regulations, Notes with a maturity of less than 365 days (in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Taxation:

Payments in respect of Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.

Listing:	Each Series may be listed on the Luxembourg Stock Exchange and/or any other stock exchange as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Pricing Supplement or may be unlisted.
Terms and Conditions:	A Pricing Supplement will be prepared in respect of each Tranche of Notes a copy of which will, in the case of Notes to be listed on the Luxembourg Stock Exchange and/or any other stock exchange, be delivered to the Luxembourg Stock Exchange and/or any other stock exchange on or before the date of issue of such Notes. The terms and conditions applicable to each Tranche will be those set out herein under “Terms and Conditions of the Notes” as supplemented, modified or replaced by the relevant Pricing Supplement.
Enforcement of Notes in Global Form:	In the case of Notes in Global Form, individual investors will have the benefit of a deed of covenant executed by the Issuer dated 14 May, 1998 as supplemented by supplemental deeds of covenant dated 11 July, 2000 and 25 July, 2001 (the “Deed of Covenant”), a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Governing Law:	The Notes, the Dealership Agreement dated 7 February, 1995, as amended and restated on 14 May, 1998 and on 11 July, 2000 and as further amended and restated on 25 July, 2001 and the Fiscal Agency Agreement dated 7 February, 1995, as amended and restated on 14 May, 1998, as amended by a supplemental fiscal agency agreement dated 14 December, 1999 and as further amended and restated on 11 July, 2000 and on 25 July, 2001, entered into in connection with the Notes each as amended and restated on 25 July, 2001 and the Deed of Covenant are governed by, and construed in accordance with, English law, to the extent that the application of English law does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of The Council of Europe adopted on 6 March, 1959, or from the Articles of Agreement of the Issuer.
Clearing Systems:	Euroclear, Clearstream, Luxembourg or any other clearing system as may be specified in the relevant Pricing Supplement.
Ratings:	Unless specified in the applicable Pricing Supplement, Moody’s Investors Service Limited has assigned a rating of Aaa to Notes with maturities of more than one year. Standard & Poor’s Rating Services has assigned a rating of AAA to Notes with maturities of more than one year. Fitch IBCA has assigned a rating of AAA to Notes with maturities of more than one year.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, the Republic of France, Federal Republic of Germany, Japan, The Netherlands and Switzerland, see under “Subscription and Sale”. Further restrictions may be required in connection with any particular Tranche of Notes. Any such further restrictions will be specified in the relevant Pricing Supplement. For United States securities law and tax purposes only, the Issuer is a Category 2 Issuer under Regulation S. In relation to Bearer Notes, TEFRA D will apply, unless TEFRA C is specified in the relevant Pricing Supplement Notes will be Rule 144A eligible if so specified in the relevant Pricing Supplement.

USE OF PROCEEDS

It is anticipated that the net proceeds of any issue of Notes will be used to finance the normal activities of the Issuer.

COUNCIL OF EUROPE DEVELOPMENT BANK

Establishment and Duration

The Issuer was established on 16 April, 1956 by the Committee of Ministers of the Council of Europe to provide solutions to the problems of refugees. Since then, the Issuer has adapted to changes in social priorities in Europe. All of its activities are focused on reinforcing social cohesion within Europe.

The duration of the Issuer's activities is not limited.

Objectives

The Issuer is a multilateral development bank with a social vocation. It is a key financial instrument of solidarity policy in Europe.

Since its creation in 1956 the Issuer has helped to finance social projects, has been a source of emergency aid and has thereby contributed to improving living conditions in the less fortunate regions of Europe.

Character

The Issuer has its origins in a Partial Agreement among members of the Council of Europe. It is subject to the Council of Europe's supreme authority, but is legally and financially independent. Its administrative headquarters are in Paris.

Like other multilateral financial institutions, the Issuer has adopted a policy of not rescheduling interest or principal payments on its loans or participating in debt rescheduling agreements.

Activities

The Bank grants loans for social projects. Its activities complement those of the other intergovernmental financial institutions.

Loans are granted in accordance with precisely defined criteria. Statutory priority is given to projects which *"help in solving the social problems with which European countries are or may be faced as a result of the presence of refugees, displaced persons or migrants consequent upon movements of refugees or other forced movements of populations and as a result of the presence of victims of natural or ecological disaster."*

Since its inception, forty-five years ago, the Bank has gradually broadened its fields of action. New priorities have been set, embracing all the activity areas that contribute directly to strengthening social cohesion in Europe: job creation and preservation in SMEs, social housing, health, education and rehabilitation of disadvantaged urban areas.

Lastly, the Bank is also active in other fields: protection of the environment, rural modernisation, conservation and rehabilitation of the historic heritage.

Resources

The Issuer's subscribed capital and accumulated reserves constitute the basis for its operations, since it does not receive any annual subscription from its members. Public issues and private placements enable it to raise funds on the capital markets.

Established in 1956 with a capital of Euro 5.7 million, the Issuer had a subscribed capital of Euro 1.4 billion as at 31 December, 2000.

On 9 November, 1999 the Governing Board of the Issuer resolved to increase the Issuer's capital by up to Euro 1,847,000,000. The capital increase is offered to each subscribing state (on a *pro rata* basis), such offer to be open until 30 September, 2001. It became effective on 14 March, 2001, as at that date 75.23% of the shares were subscribed. As at 18 June, 2001, 86.85% of the shares were subscribed.

Management

The Issuer is organised, administered and supervised by the following organs:

- the Governing Board, comprising one representative per Member Country. Its Chairman is Mr Kari Nars, who was elected on 14 December, 1998 and took up his office on 28 June, 1999.
- the Administrative Council, also comprising one representative per Member Country. It is chaired by Mr Heinrich Harries, who was elected on 28 June, 1999 and took up his office on 28 June, 1999.
- the Governor, Mr Raphaël Alomar, re-elected on 27 February, 2001. He is assisted by the First Vice-Governor, Mr Martin Murtfeld, and the two Vice-Governors, Mr Ignacio Garrido and Mr Nunzio Guglielmino. Two new Vice-Governors, Mr Krzysztof J. Ners and Mr Apolonio Ruiz Ligeró were elected on 19 June, 2001. They will take office on 18 December, 2001 at the expiration of the mandates of Mr Murtfeld and Mr Garrido.
- the Auditing Board, which has three members chosen from among the Member States in turn.

The Administrative Council is assisted by an Executive Committee made up of members of the Administrative Council and chaired by the Council's Chairman.

Legal Position of the Issuer

The Issuer is attached to the Council of Europe and administered under its supreme authority. By virtue of the Third Protocol dated 6 March, 1959 to the General Agreement on Privileges and Immunities of the Council of Europe of 2 September, 1949 (the "Third Protocol") the Issuer possesses juridical personality and, in particular, the capacity:

- to contract;
- to acquire and dispose of immovable and movable property;
- to institute legal proceedings; and
- to carry out any transaction related to its statutory purposes.

The operations, acts and contracts of the Issuer are governed by the Third Protocol and by the articles of agreement of the Issuer and regulations issued pursuant thereto (together, the "Articles of Agreement"). In addition, a national law may be applied in a particular case, provided that the Issuer expressly agrees thereto and that such law does not derogate from the Third Protocol nor from the Articles of Agreement.

Pursuant to the Third Protocol the Issuer is, notwithstanding certain exceptions, subrogated to the courts in the Member States or such states where the Issuer has contracted or guaranteed loans.

Privileges and Immunities of the Issuer

Pursuant to the Third Protocol, the Issuer enjoys in its Member States, *inter alia*, the following privileges and immunities:

1. immunity of its property and assets from all forms of seizure, attachment or execution before the delivery against the Issuer of a final enforceable judgment;
2. immunity of its property and assets from search, requisition, confiscation, expropriation of any other form of distraint by executive or legislative action;
3. freedom of its property and assets from restrictions, controls and moratoria of any nature;
4. the right to hold currency of any kind and operation accounts in any currency and to transfer its funds from one country to another to convert any currency held by it into any other currency; and
5. exemption from all direct taxes.

Membership

In accordance with the Articles of Agreement, Members of the Issuer may include:

- (a) any Member State of the Council of Europe;
- (b) a European State which is not a member of the Council of Europe upon authorisation by the Issuer's Governing Board; and
- (c) international institutions with a European focus upon authorisation by the Issuer's Governing Board.

Membership is acquired by accepting the Articles of Agreement and subscribing to the participating certificates; such certificates are issued in denominations of Euro 1,000 each. Each Member of the Issuer has one vote for each participating certificate held by it.

Members of the Issuer are not liable to third parties for any of the Issuer's obligations.

Any Member of the Issuer may withdraw from the Issuer on giving notice of six months prior to the end of the then current calendar year on conditions laid down by the Governing Board.

As at 31 December, 2000, 35 States are Members of the Issuer.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which as supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to each Series of Notes:

The Notes are issued pursuant to and in accordance with a fiscal agency agreement dated 7 February, 1995 as amended and restated on 14 May, 1998 and as amended by a supplemental fiscal agency agreement dated 14 December, 1999 and as further amended and restated on 11 July, 2000 and on 25 July, 2001 (as amended, supplemented or replaced, the "Fiscal Agency Agreement") and made between Council of Europe Development Bank (the "Issuer"), Deutsche Bank AG London in its capacity as fiscal agent (the "Fiscal Agent", which expression shall include any successor to Deutsche Bank AG London in its capacity as such), Bankers Trust Company, New York as principal registrar (the "Principal Registrar", which expression shall include any successor to Bankers Trust Company, New York in its capacity as such), Deutsche Bank Luxembourg S.A. in its capacity as alternative registrar (the "Alternative Registrar", which expression shall include any successor to Deutsche Bank Luxembourg S.A. in its capacity as such), and the paying agents named therein (the "Paying Agents", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement). For the purposes of making determinations or calculations or interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a calculation agent (the "Calculation Agent") for the purposes of such Notes, in accordance with the provisions of the Fiscal Agency Agreement, and such Calculation Agent shall be specified in the applicable Pricing Supplement. The Notes have the benefit of a deed of covenant dated 14 May, 1998 as supplemented by supplemental deeds of covenant dated 11 July, 2000 and 25 July, 2001 (as amended, supplemented or replaced, the "Deed of Covenant") executed by the Issuer in relation to the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents, the Principal Registrar and the Alternative Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provision of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "Series"), and each Series may comprise one or more tranches ("Tranches" and each, a "Tranche") of Notes. Each Tranche will be the subject of a pricing supplement (each, a "Pricing Supplement"), a copy of which will be available for inspection during normal business hours at the specified office of the Fiscal Agent and/or, as the case may be, the Principal Registrar and, in the case of any Note listed on the Luxembourg Stock Exchange, a copy of which will be obtainable from the Alternative Registrar. In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Pricing Supplement will only be available for inspection by a Holder of such Notes. References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.2) and Receipts (as defined in Condition 1.3) are to Coupons and Receipts relating to Notes of the relevant Series.

References in these Terms and Conditions to the Pricing Supplement are to the Pricing Supplement or Pricing Supplement(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Pricing Supplement.

1. Form and Denomination

Form of Notes

1.1 Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes"), as specified in the Pricing Supplement are serially numbered. Registered Notes are not exchangeable for Bearer Notes.

1.2 Interest-bearing Bearer Notes have attached thereto at the time of their initial delivery coupons ("Coupons"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Pricing Supplement, such Notes have attached thereto at the time of their initial delivery, a talon ("Talon") for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.

1.3 Bearer Notes, the principal amount of which is repayable by installments ("Installment Notes") have attached thereto at the time of their initial delivery, payment receipts ("Receipts") in respect of the installments of principal.

Denomination of Bearer Notes

1.4 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Pricing Supplement. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

Denomination of Registered Notes

1.5 Registered Notes are in the minimum denomination specified in the Pricing Supplement or integral multiples thereof.

Currency of Notes

1.6 The Notes are denominated in such currency as may be specified in the Pricing Supplement. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Partly Paid Notes

1.7 Notes may be issued on a partly paid basis ("Partly Paid Notes") if so specified in the Pricing Supplement. The subscription moneys therefor shall be paid in such number of installments ("Partly Paid Installments") in such amounts, on such dates and in such manner as may be specified in the Pricing Supplement. The first such installment shall be due and payable on the date of issue of the Notes. For the purposes of these Terms and Conditions, in respect of any Partly Paid Note, ("Paid Up Amount") means the aggregate amount of all Partly Paid Installments in respect thereof as shall have fallen due and been paid up in full accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Installment (other than the first such installment) the Issuer shall publish a notice in accordance with Condition 13 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Installment on or prior to such date will entitle the Issuer to forfeit the Notes with effect from such date ("Forfeiture Date") as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Installment), unless payment of the relevant Partly Paid Installment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Installments paid in respect of any Notes subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Installment so returned.

Interest shall accrue on any Partly Paid Installment which is not paid on or prior to the due date for payment thereof at the Interest Rate (in the case of non-interest bearing Notes, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Notes for the period from and including the due date for payment of the relevant Partly Paid Installment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Installments made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.9).

Unless an Event of Default (or an event which with the giving of notice and/or the lapse of time and/or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Notes in respect of which any Partly Paid Installments shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Installments previously paid in respect of such Notes and shall be discharged from any obligation to repay such amount or to pay interest thereon.

2. Title and Transfer

2.1 Title to Bearer Notes, Receipts and Coupons passes by delivery. References herein to the "Holders" of Bearer Notes or of Receipts or Coupons are to the bearers of such Bearer Notes or such Receipts or Coupons.

2.2. Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. For the purposes of these Terms and Conditions, "Registrar" means, in relation to any Series comprising Registered Notes, the Principal Registrar or the Alternative Registrar as specified in the Pricing Supplement, provided always that where such Series is listed on the Luxembourg Stock Exchange. References herein to the "Holders" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

2.3 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes

2.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Pricing Supplement) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

2.5 If so specified in the Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Fiscal Agent or the Registrar together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the Exchange Date (as defined in Condition 2.6) where the Exchange Date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 8B.3) for such payment of interest and the date on which such payment of interest falls due.

2.6 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the Transfer Date or, as the case may be, the Exchange Date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment. For the purposes of these Terms and Conditions,

- (i) "Relevant Banking Day" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Issue and Paying Agent, in the place where the specified office of the Issue and Paying Agent is located;
- (ii) the "Exchange Date" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and
- (iii) the "Transfer Date" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

2.7 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.8 Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "Private Placement Legend") set forth in the form of Registered Note scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered Notes that also bear such legend unless either (i) such transfer, exchange or replacement occurs three or more years after the later of (1) the original issue date of such Notes or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar by the Issuer as provided in the following sentence, was the beneficial owner of such Note (or any predecessor of such Note) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act")) not to acquire any beneficial interest, in any Registered Note bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

2.9 For so long as any of the Registered Notes bearing the Private Placement Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

3. Status of the Notes

Subject to Condition 4 below, the Notes and Coupons (if any) constitute direct, unsubordinated (unless otherwise specified in the applicable Pricing Supplement), unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves and equally with all other unsecured unsubordinated indebtedness of the Issuer except to the extent required by applicable laws relating to the creditors' rights in the event of insolvency.

4. Negative Pledge

So long as any Note remains outstanding the Issuer undertakes that it will not create any mortgage, pledge or other charge upon, or with respect to, any of its present or future assets or revenues to secure any money borrowed represented by any unsubordinated notes, bonds or other securities which are quoted, listed or ordinarily dealt in on any stock exchange or other organised securities market, or any guarantee thereof, unless the Issuer shall simultaneously therewith or prior thereto, take any and all action necessary to procure that all amounts payable under the Notes and Coupons are secured equally and rateably with such other security, provided however, that the foregoing shall not apply to: (i) any lien created as security for the payment of such indebtedness or guarantee incurred for the purpose of financing or refinancing the purchase of any property, (ii) any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which it is originally incurred, or (iii) any extension or renewal of the foregoing.

5. Interest

Interest

5.1 Notes may be interest-bearing or non interest-bearing, as specified in the Pricing Supplement. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 5.9.

Fixed Rate Notes

5.2 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.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount(s) so specified.

As used in these Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resulting 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.

Floating Rate Notes

5.3 The Pricing Supplement relating to Floating Rate Notes (Screen Rate Determination) shall specify the Relevant Screen Page and the Interest Rate applicable to the relevant Notes for each Interest Period and shall be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the offered rate for deposits (the "Reference Rate") (as specified in the relevant Pricing Supplement) (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the Reference Rate) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if, on any Interest Determination Date, no such Reference Rate so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (or, in the case of Notes denominated or payable in Euro, in the Euro-zone interbank market), reasonably selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market (or, in the case of Notes denominated or payable in Euro, in the Euro-zone interbank market) for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic means (rounded as aforesaid) of the rates so quoted; or

- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (or, in the case of Notes denominated in Euro, in such financial centre or centres in the Euro-zone as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, and the Interest Rate applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "Margin") specified in the Pricing Supplement and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to such Notes during such Interest Period will be the sum of the Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Notes in respect of the last preceding Interest Period.

ISDA Determination

5.4 If the Pricing Supplement specifies Floating Rate Notes (ISDA Determination) as being applicable, each Note shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Note under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Fixed Price Payer, Floating Rate Payer, Floating Amount Payer, or as the case may be, the Floating Price Payer is the Issuer (as specified in the Pricing Supplement);
- the Effective Date is the Interest Commencement Date;
- the Termination Date is the Maturity Date;
- the Calculation Agent is the Calculation Agent as specified in the Pricing Supplement;
- the Calculation Periods are the Interest Periods;
- the Period End Dates are the Interest Period End Dates;
- the Payment Dates are the Interest Payment Dates;
- the Reset Dates are the Interest Period End Dates;
- the Calculation Amount is the principal amount of such Note;
- the Day Count Fraction applicable to the calculation of any amount is that specified in the Pricing Supplement or, if none is so specified, as may be determined in accordance with the ISDA Definitions;
- the Applicable Business Day Convention applicable to any date is that specified in the Pricing Supplement or, if none is so specified, as may be determined in accordance with the ISDA Definitions; and
- the other terms are as specified in the Pricing Supplement.

Maximum or Minimum Interest Rate

5.5 If any Maximum or Minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

5.6 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Installment Note, in respect of each installment of principal, on the due date for payment of the relevant Installment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.9) or the relevant Installment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgement) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on

which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 13 that the Fiscal Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

5.7 If a Calculation Agent is specified in the Pricing Supplement, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Installment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "Interest Amount(s)") in respect of each Denomination of the Notes (in the case of Bearer Notes) and the minimum denomination (in the case of Registered Notes) for the relevant Interest Period, calculate the Redemption Amount or Installment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Installment Amount to be notified to the Fiscal Agent, the Principal Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 13 and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Period or the Interest Period. If the Notes become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Installment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

5.8 The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction (Fixed Day Count Fraction in the case of Fixed Rate Notes), save that (i) if the Pricing Supplement specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount and (ii) where any Interest Period comprises two or more Interest Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Periods.

For the purposes of calculations referred to in these Terms and Conditions (unless otherwise specified in the Pricing Supplements, (a) all percentages resulting from such calculations will be rounded if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amount used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Definitions

5.9 "Applicable Business Day Convention" means the "Business Day Convention" which may be specified in the Pricing Supplement as applicable to any date in respect of the Notes. Where the Pricing Supplement specifies "No Adjustment" in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Pricing Supplement fails either to specify an applicable Business Day Convention or "No Adjustment" for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Fixed

Rate Notes, “No Adjustment” shall be deemed to have been so specified and in the case of Floating Rate Notes, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

“Banking Day” means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

“Business Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the Relevant Financial Centre in respect of the relevant Notes or, in relation to Notes payable in Euro, on which the TARGET System is operating.

“Business Day Convention” means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Notes, shall have the following meanings:

- (i) “Following Business Day Convention” means that such 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 such 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 such date shall be brought forward to the first preceding day that is a Business Day; and
- (iv) “FRN Convention” or “Eurodollar Convention” means that each such 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 Pricing Supplement after the calendar month in which the preceding such date occurred Provided 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.

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

- (i) 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);
- (ii) if “Actual/Actual (ISMA)” is so specified:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

“Determination Period” means the period from and including an Interest Determination Date in any year to but excluding the next Interest Determination Date.

(iii) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;

(vi) 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).

“Euro-zone” means the zone comprising the Member States of the European Union that participate or are participating in European Monetary Union and that adopt or have adopted the Euro as their lawful currency.

“Fixed Day Count Fraction” means:

(i) If “Actual/Actual” is specified in the applicable Pricing Supplement, the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by (x) in the case of Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date or (y) in the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(ii) If “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and

“Interest Commencement Date” means the date of issue of the Notes (as specified in the Pricing Supplement) or such other date as may be specified as such in the Pricing Supplement.

“Interest Determination Date” means, in respect of any Interest Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Pricing Supplement prior to the first day of such Interest Period, or if none is specified:

(i) in the case of Notes denominated in Pounds Sterling, the first day of such Interest Period; or

(ii) in any other case, the date falling two London Banking Days prior to the first day of such Interest Period.

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Interest Period, each of such dates as may occur in accordance with FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“Interest Period” means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

“Interest Period End Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Period, such dates as may occur in accordance with

the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes.

“Interest Rate” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

“ISDA Definition” means the 2000 ISDA Definitions, and, where the context so admits, the 1998 ISDA Euro Definitions (each 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 Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.)).

“Outstanding Principal Amount” means, in respect of a Note, its principal amount less, in respect of any Installment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.6 or, in the case of a Partly Paid Note, the Paid Up Amount of such Note or otherwise as indicated in the Pricing Supplement except that the Paid Up Amount shall be deemed to be nil for Notes which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 1.7.

“Reference Banks” means such banks as may be specified in the Pricing Supplement as the Reference Banks or, if none are specified, “Reference Banks” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“Relevant Financial Centre” means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions, as modified or supplemented in the Pricing Supplement.

“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 relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“Relevant Time” means the time as of which any rate is to be determined as specified in the Pricing Supplement or, if none is specified, at which it is customary to determine such rate.

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

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

Non-Interest Bearing Notes

5.10 If any Redemption Amount (as defined in Condition 6.9) or Installment Amount in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Pricing Supplement or at such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 13 that the Fiscal Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.8 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Pricing Supplement or, if not so specified, 30E/360 (as defined in Condition 5.9).

6. Redemption and Purchase

Redemption at Maturity

6.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Pricing Supplement as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the “Maturity Redemption Amount”) (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Pricing Supplement) (or, in the case of Installment Notes, in such number of installments and in such amounts (“Installment Amounts”) as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement) on the date or dates (or,

in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Pricing Supplement.

Optional Early Redemption (Call)

6.2 If this Condition 6.2 is specified in the Pricing Supplement as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Pricing Supplement, redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "Early Redemption Amount (Call)") (which shall be their Outstanding Principal Amount, or in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Conditions 6.5.

6.3 The appropriate notice referred to in Condition 6.2 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 13, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days nor more than sixty days (or such other period as may be specified in the applicable Pricing Supplement) after the date on which such notice is given and which shall be such date or the next of such dates ("Call Option Date(s)") or a day falling within such period ("Call Option Period"), as may be specified in the Pricing Supplement and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Partial Redemption

6.4 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.2:

- in the case of Bearer Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair; and
- in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rate* to their principal amounts, provided that the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any stock exchange of which the relevant Notes may be listed.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

Optional Early Redemption (Put)

6.5 If this Condition 6.5 is specified in the Pricing Supplement as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the "Early Redemption Amount (Put)") (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates ("Put Date(s)") or a day falling within such period ("Put Period") as may be specified in the Pricing Supplement), deposit the relevant Note (together, in the case of an interest-bearing Note in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 8A.6 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed early redemption notice ("Put Notice") in the form which is available from the specified office of any of the Paying Agents, the Registrar specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the

Pricing Supplement or an integral multiple thereof). No Note so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6.2.

Purchase of Notes

6.6 The Issuer may at any time purchase Notes in the open market or otherwise and at any price provided that, in the case of interest-bearing Notes, all unmatured Receipts, Coupons and unexchanged Talons appertaining thereto are surrendered therewith. Notes purchased by the Issuer in accordance with this Condition 6.6 may, at the option of the Issuer, be held, re-sold or surrendered to any Paying Agent for cancellation. If purchases are made by public tender, tenders must be available to all Holders of Notes of the relevant Series alike.

Cancellation of Redeemed and Purchased Notes

6.7 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased in accordance with this Condition 6 may be cancelled, reissued or resold.

Further Provisions applicable to Redemption Amount and Installment Amounts

6.8 The provisions of Condition 5.7 and the last paragraph of Condition 5.8 shall apply to any determination or calculation of the Redemption Amount or any Installment Amount required by the Pricing Supplement to be made by the Calculation Agent (as defined on Condition 5.9).

6.9 References herein to "Redemption Amount" shall mean, as appropriate, the Maturity Redemption Amount, the final Installment Amount, Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.

6.10 In the case of any Note which is non-interest bearing, the "Amortised Face Amount" shall be an amount equal to the sum of:

- (i) the Issue Price specified in the Pricing Supplement; and
- (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.9) specified in the Pricing Supplement for the purposes of this Condition 6.10.

6.11 In the case of any Note which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.10 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and
- (ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Conditions 13 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

7. Events of Default

7.1 Unless otherwise specified in the relevant Pricing Supplement, the following events or circumstances (each an "Event of Default") shall be acceleration events in relation to the Notes of any Series, namely:

- (i) default is made in the payment in full of any principal or interest due on the Notes or any of them on the due date and such default continues for a period of thirty days; or
- (ii) the Issuer fails to perform or observe any of its other obligations under any of the Notes and such failure continues for the period of ninety days next following the service by the relevant Holder on the Issuer of notice requiring the same to be remedied; or

- (iii) the Issuer shall become insolvent or be liquidated under Article XV Section 3 of its Articles of Agreement or otherwise cease to exist.

7.2 If any Event of Default shall occur in relation to any Series of Notes, any Holder of Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same will become immediately due and payable at its early termination amount (the "Early Termination Amount") (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with all interest (if any) accrued thereon unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

8A Payments – Bearer Notes

8A.1 This Condition 8A is applicable to Bearer Notes.

8A.2 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment or payment of an Installment Amount (other than the final Installment Amount)) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

Payment of Installment Amounts (other than the final Installment Amount) in respect of an Installment Note which is a Note with Receipts will be made against presentation of the Note together with (where applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Installment Amount.

8A.3 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Notes at the specified office of any of the Paying Agents outside (unless Condition 8A.4 applies) the United States; and
- (ii) in the case of Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 8A.4 applies) the United States.

8A.4 Payments of amounts due in respect of interest on the Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.7 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

8A.5 If the due date for payment due in respect of any Note is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 8C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Pricing Supplement) and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, if appropriate, Condition 5.10.

8A.6 Each Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

- (i) if the Pricing Supplement specifies that this paragraph (i) of Condition 8A.6 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as herein after provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
- (ii) if the Pricing Supplement specifies that this paragraph (ii) of Condition 8A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
- (iii) in the case of Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Notes initially delivered with Receipts attached thereto, all Receipts relating to such Notes in respect of a payment of an Installment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.6 notwithstanding, if any Notes should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.7 In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8A.4 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

8B Payments – Registered Notes

8B.1 This Condition 8B is applicable to Registered Notes.

8B.2 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Principal Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 8C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any date which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

8B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) before the due date for such payment (the "Record Date").

8B.4 Notwithstanding the provisions of Condition 8C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque and posted to the address (as recorded in the register held by the Principal Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.6) not later than the relevant due date for payment unless prior to the relevant Record Date of the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

8C Payments – General Provisions

8C.1 Save as otherwise specified in these Terms and Conditions, this Condition 8C is applicable in relation to Notes whether in bearer or in registered form.

8C.2 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. Payments will be subject in all cases to any applicable fiscal or other laws and regulations.

8C.3 For the purposes of these Terms and Conditions:

- (i) "Relevant Financial Centre Day" means, in the case of any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payment in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Pricing Supplement or in the case of payment in Euro, a day on which the TARGET System is operating;
- (ii) "Local Banking Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note, or as the case may be, Coupon;
- (iii) "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so receiving and being available for paying to Holders of Notes and Coupons, notice to that effect shall have been given to the Holder of the Notes of the relevant Series in accordance with Condition 13; and
- (iv) Unless the context otherwise requires, any reference in these Terms and Conditions to "principal" shall include any premium payable in respect of a Note, any Installment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "interest" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

8C.4 No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of such payments.

9. Prescription

9.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 9C.5) for payment thereof.

9.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8A.6 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

10. The Paying Agents, the Registrar and the Calculation Agent

10.1 The initial Paying Agents and the Registrar and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Pricing Supplement. The Issuer reserves the right at any time, to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent), the Registrar, the Alternative Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or Calculation Agent Provided that it will at all times maintain (i) an Issue and Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) a Paying Agent (which may be the Fiscal Agent) with a specified office in a continental European city, (iv) so long as the Notes are listed on the Luxembourg Stock Exchange and/or any other stock exchange, a Paying Agent (which may be the Fiscal and Paying Agent) and a Registrar each with a specified office in Luxembourg and/or in such other place as may be required by the rules of such other stock exchange, (v) in the circumstances described in Condition 8A.4, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 13.

10.2 The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Fiscal Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11. Replacement of Notes.

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes) ("Replacement Agent"), subject to all applicable laws and the requirement of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

12. Meetings of Holders and Modification

The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of Extraordinary Resolution.

13. Notices

To Holders of Bearer Notes

Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified herein on in the Pricing Supplement, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times) and (ii) in the case of any Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the

date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice to Holders of Bearer Notes in accordance with this Condition.

To Holders of Registered Notes

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) of (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Principal Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing, or, if posted from another country, on the fifth such day. With respect to Registered Notes listed on the Luxembourg Stock Exchange, any notices to Holders must also be published in a Luxembourg daily newspaper and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

14. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further Notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

15. Law and Jurisdiction

Governing Law

15.1 The Fiscal Agency Agreement, the Deed of Covenant and the Notes are governed, by, and shall be construed in accordance with, English law, to the extent that the application of English law does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe adopted on 6 March 1959 (the "Third Protocol"), or from the Articles of Agreement of the Issuer.

Jurisdiction

15.2 In relation to any legal action or proceedings arising out of or in connection with the Notes ("Proceedings"), the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to the Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each Holder of any Note and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdiction preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Waiver

15.3 To the fullest extent permitted by all applicable laws and by the Third Protocol, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order of judgment which may be made or given in such proceedings. To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment or other legal process and the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by all applicable laws and by the Third Protocol.

Agent for Service of Process

15.4 The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Priories House, 95 Gresham Street, London EC2V 7LY or other its principal place of business for the time being. If the appointment of the person mentioned in this Condition ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Holders of the Notes in accordance with Condition 13 and, failing such appointment within fifteen days, the Fiscal Agent shall be entitled to appoint such a person by notice to the Issuer. Service of process in respect of any Proceedings will only be valid if the original service has been effected on such agent and a copy of the process documents (for information purposes only) has been sent by registered mail (providing for acknowledgement of receipt) to the Issuer at 55 avenue Kléber, 75784 Paris Cedex 16, marked for the attention of the Governor. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

PROVISIONS RELATING TO THE NOTES WHILST IN GLOBAL FORM

(A) Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the Holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream, Luxembourg or such other system (as the case may be) for such person's share of each payment made by the Issuer to the bearer of such Global Note (or the registered Holder of the Global Registered Note, as the case may be), and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Registered Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note (or the registered Holder of the Global Registered Note, as the case may be), in respect of each amount so paid. References in these provisions relating to the Notes in global form to "Holder" or "Accountholder" are to those persons shown in the records of the relevant clearing system as a Holder of an Note.

(B) Form and Exchange – Bearer Global Notes

(1) *TEFRA D or TEFRA C*: The Pricing Supplement shall specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the "TEFRA D Rules") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") shall apply. Each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "Temporary Global Note"), unless the Pricing Supplement specifies otherwise and the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a Permanent Global Note.

Interests in a Temporary Global Note may be exchanged for:

- (i) interests in a Permanent Global Note; or
- (ii) if so specified in the Pricing Supplement, definitive Notes in bearer form ("Definitive Notes") and/or (if so specified in the Pricing Supplement) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

(2) *Limitation on entitlement under a Temporary Global Note after Exchange Date*: Holders of interests in any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

(3) *Certification of non-U.S. beneficial ownership*: Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes and subject to paragraph (2) above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system which may be specified in the Pricing Supplement. Payments of amounts due in respect of a Permanent Global Note or (subject to paragraph (2) above) a Temporary Global Note (if the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

(4) *Exchange for Definitive Notes*: Interests in a Permanent Global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the Holder of such Global Note, for Definitive Notes and/or (if so specified in the Pricing Supplement) Registered Notes, (a) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a

continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 occurs or, (c) at any time on the request of the bearer, if so specified in the Pricing Supplement. Whenever a Permanent Global Note is to be exchanged for Definitive Notes and/or Registered Notes, the Issuer shall procure the prompt delivery of such Definitive Notes and/or Registered Notes, duly authenticated and where and to the extent applicable, with Receipts, Coupons and Talons attached (each as defined in Condition 1.2 and Condition 1.3), in an aggregate principal amount equal to the principal amount of such Permanent Global Note to the Holder of the Permanent Global Note against its surrender at the specified office of the Issue and Paying Agent within 30 days of the Holder requesting such exchange. Furthermore, if,

- (i) Definitive Notes have not been delivered in accordance with the foregoing by 5.00 p.m. (London time) on the thirtieth day after the Holder has requested exchange, or
- (ii) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of the Redemption Amount (as defined in Condition 6.10) together with all accrued interest thereon has not been made to the Holder in accordance with the Conditions on the due date for payment,

then such Permanent Global Note (including the obligation to deliver Definitive and/or Registered Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the Holder of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the such Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the Holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg or other relevant clearing system (as the case may be).

(C) Form and Exchange – Global Registered Notes

(1) *Global Registered Note:* Registered Notes held in Euroclear and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Global Registered Note which will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg (or such other relevant clearing system).

(2) *Exchange:* The Global Registered Note will become exchangeable in whole, but not in part, for individual Registered Notes if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, (b) any of the circumstances described in Condition 7 occurs, or (c) at any time at the request of the registered Holder if so specified in the Pricing Supplement.

Whenever the Global Registered Note is to be exchanged for Registered Notes, such Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered Holder of the Global Registered Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Registered Notes have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Registered Note or (b) any of the Notes evidenced by the Global Registered Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Registered Note on the due date for payment in accordance with the terms of the Global Registered Note, then the Global Registered Note (including the obligation to deliver Registered Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which

they would have been entitled if, immediately before the Global Registered Note became void, they had been the registered Holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or other relevant clearing system (as the case may be).

(D) Amendment to Conditions.

The Temporary Global Notes, Permanent Global Notes and Global Registered Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

(1) *Meetings:* The Holder of a Permanent Global Note or of the Notes represented by a Global Registered Note shall (unless such Permanent Global Note or Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the Holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. (All Holders of Registered Notes are entitled to one vote in respect of each Note comprising such Holder's holding, whether or not represented by a Global Registered Note).

(2) *Cancellation:* Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.

(3) *Purchase:* Notes represented by a Permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Installment Amounts (if any) thereon.

(4) *Issuer's Options:* Any option of the Issuer provided for in the Conditions of the Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note shall be exercised by the Issuer giving notice to the Holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

(5) *Holders' Options:* Any option of the Holders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note may be exercised by the Holder of such Permanent Global Note or Global Registered Note, giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent or the Registrar, in the case of a Global Registered Note substantially in the form of the notice available from any Paying Agent (or the Registrar, in the case of a Global Registered Note), except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Note or the Global Registered Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, (or the Registrar, in the case of a Global Registered Note).

(6) *Notices:* So long as any Notes are represented by a Permanent Global Note or Registered Global Note and such Permanent Global Note or Global Registered Note is held on behalf of a clearing system, notices to the Holders of Notes of that Series may be given by delivery of the relevant notices to the clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the Permanent Global Note or Global Registered Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notice shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

(E) Partly Paid Notes

While any Partly Paid Installments due from the Holder of Partly Paid Notes are overdue, no interest in a Permanent Global Notes or Registered Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes or a Registered Note (as the case may be). If any Holder fails to pay any installment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to such Holder in respect of them.

FORM OF PRICING SUPPLEMENT

Pro Forma Pricing Supplement

Pricing Supplement

Series No.: []

Tranche No.: []

Council of Europe Development Bank

EURO MEDIUM TERM NOTE PROGRAMME

Issue of

[Aggregate Nominal Amount of Tranche]

[Title of Notes]

[The Notes constitute commercial paper issued in accordance with regulations made under section 4 of the Banking Act 1987.

The Issuer of the Notes is Council of Europe Development Bank which is not an authorised institution or a European authorised institution (as such terms are defined in the Banking Act 1987 (Exempt Transactions) Regulations 1997) but is an exempt person under Schedule 2 to the Banking Act 1987. Repayment of the principal and payment of any interest or premium in connection with the Notes has not been guaranteed.⁽¹⁾

This Pricing Supplement (as referred to in the Offering Circular dated 25 July, 2001 in relation to the above Programme) relates to the Tranche of Notes referred to above. The particulars to be specified in relation to such Tranche are as follows:

1. Issuer: Council of Europe Development Bank
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:] [] (Required only for listed issues)
6. 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]
9. Interest Basis: [[] per cent. Fixed Rate]
[[specify reference rate] +/- [] per cent.
Floating Rate]
[Non-interest bearing]
[Other (specify)]
(further particulars specified below)

(1) Unless otherwise permitted, text to be included for all Notes (including Sterling Notes) with a maturity of less than 365 days in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom.

10. Redemption/Payment Basis: Redemption at par]
Partly Paid]
Installment]
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. Optional Early Redemption
(Put/Call Options): [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: [Senior/Subordinated (specify)]
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) Fixed Interest Date(s): [] in each year
- (iii) Fixed Coupon Amount(s): [] per [] in Nominal Amount
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest
amounts which do not correspond with the Fixed Coupon
Amount[(s)]
- (v) 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)
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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): []
- (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]): []
- (vi) Screen Rate Determination:
- Reference Rate: []
- Interest Determination Date(s): []
- Relevant Screen Page: []

- (vii) ISDA Determination:
- Floating Rate Notes: []
 - Termination Date: []
 - 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. Non-Interest Bearing Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Amortisation Yield: [] per cent. per annum
- (ii) Rate of interest on overdue amounts: []
- (iii) Any other formula/basis of determining amount payable: []

PROVISIONS RELATING TO REDEMPTION

19. Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Call Option Date(s)/Call Option Period: []
- (ii) Early Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []

20. Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Put Date(s)/Put Period: []
- (ii) Early Redemption Amount(s) (Put) and method, if any, of calculation of such amount(s): []
- (iii) Notice period (if other than as set out in the Conditions): []

21. Maturity Redemption Amount [Par/other/see Appendix]

22. Early Redemption Amount
 Early Redemption Amount(s) payable on redemption for an 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

23. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice given 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.]

[Registered Notes].

24. Relevant 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]

25. 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]

26. 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 (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]

27. Details relating to Installment Notes: amount of each installment, date on which each payment is to be made:

[Not Applicable/give details]

28. Redenomination, renormalisation and reconventioning provisions:

[Not Applicable/The provisions annexed to this Pricing Supplement apply]

29. Consolidation provisions:

[Not Applicable/The provisions annexed to this Pricing Supplement apply]

30. Other terms or special conditions:

[Not Applicable/give details]

DISTRIBUTION

31. (i) If syndicated, names of Manager:

[Not Applicable/give names]

(ii) Stabilising Manager (if any):

[Not Applicable/give name]

32. If non-syndicated, name of Dealer:

[Not Applicable/give name]

33. Additional selling restrictions:

[Not Applicable/give details]

OPERATIONAL INFORMATION

34. ISIN Code:

[]

35. Common Code:

[]

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

37. Delivery:

Delivery [against/free of] payment

38. Additional Paying Agent(s) (if any):

[]

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the euro 15,000,000,000 Euro Medium Term Note Programme of Council of Europe Development Bank.]

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised

Date:

SUBSCRIPTION AND SALE

Notes may be sold from time to time under the Programme by the Issuer to any one or more of BNP Paribas, Merrill Lynch International, Morgan Stanley & Co. International Limited, Nomura International plc, Tokyo-Mitsubishi International plc and UBS AG, acting through its financial services group UBS Warburg (the "Dealers"). In addition, the Issuer may sell Notes issued under the Programme to any institutions who do not become Dealers under the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by Dealers are set out in a dealership agreement dated 7 February, 1995 as amended and restated on 14 May, 1998 and on 11 July, 2000 and as further amended and restated on 25 July, 2001 (the "Dealership Agreement") and made between the Issuer and the Dealers. Any such agreement will *inter alia*, make provision for the form and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions of other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement; Rule 144A eligible if so specified in the relevant Pricing Supplement.

Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (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, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal 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 Notes of such Tranche purchased by or through it, in which case the Issue and Paying 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 restricted period relating thereto a confirmation or other notice setting forth the restrictions 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 forty days after the commencement of the offering of Notes comprising any Tranche, any 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 if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act (if available).

United Kingdom

Each Dealer has further represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Federal Republic of Germany

Each Dealer confirms 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*). In particular, each Dealer undertakes not to engage in public offering (*öffentliches Anbieten*) 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.

The Republic of France

The Issuer and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes will be issued outside of France, and that it has not

offered or sold, and will not offer or sell Notes in France and has not distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to any Notes, except to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1 and L.411-2 of the *Code monétaire et financier* and Decree no. 98-880 dated 1 October, 1998.

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 the 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

Each Dealer has represented and agreed and for each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly offer or sell in The Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other investors and finance companies and treasury departments of large enterprises).

Switzerland

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Francs denominated debt securities.

General

Other than with respect to the listing of the Notes on such stock exchange as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Offering Circular or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any case) in a supplement to this document.

GENERAL INFORMATION

1. Application has been made to list the Notes under the Programme on the Luxembourg Stock Exchange, and in connection therewith, the Luxembourg Stock Exchange has assigned registration number 9434 to the Programme.

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

2. The establishment of the Programme has been authorised by the competent authority of the Issuer. No authorisation is required in respect of issues of Notes having a maturity of less than one year. Each Series of Notes having a maturity of one year or more will be authorised under the annual borrowing authorisation of the Issuer's Administrative Council.
3. No consent, approval, authorisation or order of any regulatory authority is required by the Issuer for the issue of the Notes.
4. The following documents will, so long as any Note is outstanding, be available for inspection during normal business hours on any weekday (Saturday and public holidays excepted) at (and, in the case of items (iv), (v) and (vii), will be obtainable free of charge from) the specified office of the Fiscal Agent and the Paying Agent in Luxembourg:
 - (i) the Dealership Agreement;
 - (ii) the Fiscal Agency Agreement;
 - (iii) the Deed of Covenant;
 - (iv) each Pricing Supplement relating to listed Notes;
 - (v) this Offering Circular and any supplement hereto or further Offering Circular.
 - (vi) the Basic Texts of the Issuer (including the Articles of Agreement and the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe adopted on 6 March 1959); and
 - (vii) the most recent publicly available audited financial statements of the Issuer beginning with such financial statements for the years ended 31 December, 1999 and 31 December, 2000.
5. As at the date stated on the front of this Offering Circular, no audited accounts of the Issuer have been made up in respect of any period subsequent to 31 December, 2000. The Issuer does not produce interim financial statements.
6. The Issuer is not involved in any legal, arbitration or administrative proceedings the outcome of which is or may be material in the context of the Programme or the issue of the Notes nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
7. There has been no material adverse change in the condition (financial or otherwise) of the Issuer since 31 December, 2000.
8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number in relation to the Notes of each Series will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
9. Bearer Notes (other than Temporary Global Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "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." The sections referred to in such legend provide that a United States person who holds a Bearer Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

10. Notes (including sterling Notes) with a maturity of less than 365 days in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom will constitute commercial paper, as defined under the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations"), as specified in the applicable Pricing Supplement, issued in accordance with regulations made under Section 4 of the Banking Act 1987. The Issuer is not an authorised institution or a European authorised institution (as such terms are defined in the Regulations) but is an exempt person under Schedule 2 to the Banking Act 1987. Repayment of the principal and payment of any interest or premium in connection with such Notes will not be guaranteed.

ADMINISTRATIVE HEADQUARTERS OF THE ISSUER

Council of Europe Development Bank

55, avenue Kléber
75784 Paris Cedex 16
website: www.coebank.org

DEALERS

BNP Paribas

10 Harewood Avenue
London NW1 6AA

Merrill Lynch International

Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Morgan Stanley & Co. International Limited

25 Cabot Square
Canary Wharf
London E14 4QA

Nomura International plc

Nomura House
1 St Martin's-le-Grand
London EC1A 4NP

Tokyo-Mitsubishi International plc

6 Broadgate
London EC2M 2AA

UBS AG,

*acting through its business
group UBS Warburg*
1 Finsbury Avenue
London EC2M 2PP

FISCAL AGENT

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2BD

PRINCIPAL REGISTRAR

Bankers Trust Company, New York

Four Albany Street
New York
New York 10006

ALTERNATIVE REGISTRAR

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

PAYING AGENTS

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

Deutsche Bank AG, Paris

3 Avenue de Friedland
75008 Paris

LEGAL ADVISERS

to the Issuer
(As to French law)
Gide Loyrette Nouel
26, cours Albert ler
75008 Paris

to the Dealers
(As to English law)
Clifford Chance
Limited Liability Partnership
200 Aldersgate Street
London EC1A 4JJ

LUXEMBOURG LISTING AGENT

Kredietbank S.A. Luxembourgeoise
43, boulevard Royal
L-2955 Luxembourg

THIS PAGE
CONTAINS NO
FINANCIAL
INFORMATION

THIS PAGE
CONTAINS NO
FINANCIAL
INFORMATION

THIS PAGE
CONTAINS NO
FINANCIAL
INFORMATION



THE GEORGE BARKES GROUP
PRINT SOLUTIONS MADE SIMPLER

Job No. 21283

Tel: + 44 1296 434567 e-mail: gb@georgebarkes.com www.georgebarkes.com

END OF DOCUMENT

PERFECT INFORMATION LTD
MICHAEL HOUSE
35 CHISWELL STREET
LONDON EC1Y 4SE

TELEPHONE 020 7892 4200
FAX: 020 7892 4201
WEBSITE: www.perfectinfo.com