

INFORMATION MEMORANDUM

**Landesbank
Schleswig-Holstein
Girozentrale
and
LB Schleswig-Holstein
Finance B.V.**



*Amounts payable in respect of Notes issued by LB Schleswig-Holstein Finance B.V. will be unconditionally
and irrevocably guaranteed by Landesbank Schleswig-Holstein Girozentrale*

**U.S.\$25,000,000,000
Global Medium Term Note Programme**

On 12th May, 1995 Landesbank Schleswig-Holstein Girozentrale (the "Bank") entered into a U.S.\$1,500,000,000 Euro Medium Term Note Programme. The Euro Medium Term Note Programme was increased to U.S.\$3,000,000,000 on 1st March, 1996, increased further to U.S.\$10,000,000,000 on 1st June, 1997, increased further to U.S.\$20,000,000,000 on 25th April, 2001, and increased further to U.S.\$25,000,000,000 on 12th September, 2002, in each case, in accordance with its terms. On 21st July, 1998, LB Schleswig-Holstein Finance B.V. ("Finance") was added as an issuer under the Euro Medium Term Note Programme. This Information Memorandum supersedes any previous Information Memorandum. Any Notes (as defined below) issued under the Programme (as defined below) after the date hereof are issued subject to the provisions set out herein. This Information Memorandum does not affect any Notes already issued.

Under this U.S.\$25,000,000,000 Global Medium Term Note Programme (the "Programme"), each of the Bank and Finance (each an "Issuer" and together the "Issuers"), may from time to time issue notes (the "Notes" which expression shall include Senior Notes and Subordinated Notes (as defined herein)) denominated in any currency agreed between the Issuer of such Notes (the "relevant Issuer") and the relevant Dealer(s) (as defined below).

Payments of all amounts payable in respect of Notes issued by Finance will be unconditionally and irrevocably guaranteed by the Bank.

The maximum aggregate nominal amount of all Notes issued under the Programme from time to time outstanding will not exceed U.S.\$25,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 8 and any additional Dealer appointed under the Programme from time to time by the relevant Issuer, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together, the "Dealers"). References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Notes may be governed by English law ("Euro Notes"). Euro Notes may be issued in bearer or in registered form (respectively "Bearer Notes" and "Registered Notes"). Notes may be governed by German law. Notes governed by German law which are deposited with Clearstream Banking AG ("Clearstream, Frankfurt") are herein referred to as "Clearstream, Frankfurt Notes". Notes governed by German law which are deposited with a common depositary for Euroclear (as defined below) and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or any other agreed clearance system other than Clearstream, Frankfurt are referred to herein as "German Euro Notes". Clearstream, Frankfurt Notes and German Euro Notes are together referred to herein as "German Notes". Each Issuer may agree with any Dealer that Notes may be issued in a form other than the forms described herein, in which event a supplementary Information Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange during the period of twelve months from the date of this Information Memorandum and application may, in the future, be made in certain circumstances to list Notes ("Paris Listed Notes") on Euronext Paris S.A. ("Euronext Paris"). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set forth in a pricing supplement (the "Pricing Supplement") which will be delivered, with respect to Notes to be listed on the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange and, in respect of Paris Listed Notes, to the *Commission des Opérations de Bourse* (the "COB") on or before the issue date of the Notes of such Tranche.

The Notes of each Tranche (as defined on page 24) will (unless otherwise specified in the applicable Pricing Supplement) initially be represented by a temporary global Note which will be deposited on or prior to the issue date thereof with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream, Luxembourg, with Clearstream, Frankfurt and/or with any other agreed clearance system (including, in the case of Registered Notes, The Depositary Trust Company ("DTC"), and in the case of Notes listed on Euronext Paris, Euroclear France S.A. and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together, "Euroclear France"). See "Form of the Notes" below.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor (as defined under "Terms and Conditions of the Notes") (if the Issuer is Finance) and the relevant Dealer. The Issuer may also issue unlisted Notes. This Information Memorandum has not been submitted to the clearance procedures of, nor registered by, the COB and no Notes may be listed on Euronext Paris unless and until a prospectus incorporating this Information Memorandum (a "Document de Base") has been approved by the COB and a registration number granted with respect thereto.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale and Transfer and Selling Restrictions".

**Arranger
LEHMAN BROTHERS
Dealers**

CREDIT SUISSE FIRST BOSTON
GOLDMAN SACHS INTERNATIONAL
LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE
MERRILL LYNCH INTERNATIONAL
SCHRODER SALOMON SMITH BARNEY

DAIWA SECURITIES SMBC EUROPE
JPMORGAN
LEHMAN BROTHERS
MORGAN STANLEY
UBS WARBURG

The date of this Information Memorandum is 12th September, 2002.

Each of the Bank and Finance, having made all reasonable enquiries, confirms that this Information Memorandum, in its opinion, contains all information with respect to the Bank, Finance, the Bank and its subsidiaries (the "Group") and the Notes which is material in the context of the Programme, that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. Each of the Bank and Finance accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Bank and Finance (each having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Bank and Finance accepts responsibility accordingly.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below). This Information Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Information Memorandum.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Bank and/or Finance in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Bank and Finance under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, Finance or any of the Dealers.

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

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

Neither delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank and/or Finance is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Bank or Finance during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, financial statements of the relevant Issuer and the Bank (where the relevant Issuer is Finance) incorporated herein by reference when deciding whether or not to purchase any Notes.

The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Bank, Finance and the Dealers represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, Finance or the Dealers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, Germany and the Netherlands (see “Subscription and Sale and Transfer and Selling Restrictions” below).

The 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 U.S. Internal Revenue Code and the regulations promulgated thereunder.

Investors in France may only participate in the issue of the Notes for their own account in accordance with the conditions set out in décret no. 98-880 dated 1st October, 1998. Notes may only be issued, directly or indirectly, to the public in France in accordance with articles L.411-1 and L.411-2 of the Code Monétaire et Financier. Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Information Memorandum does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

U.S. INFORMATION

This Information Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined under “Form of the Notes”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale and Transfer and Selling Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Bank and Finance have undertaken in a deed poll dated 11th September, 2001 (the “Deed Poll”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Bank and Finance are institutions organised under the laws of the Federal Republic of Germany (“Germany”) and the Netherlands, respectively. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of each Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Germany (in the case of the Bank) and the Netherlands (in the case of Finance) upon the relevant Issuer or such persons, or to enforce judgments against them obtained in courts outside Germany (in the case of the Bank) and the Netherlands (in the case of Finance) predicated upon civil liabilities of the relevant Issuer or such directors and officers under laws other than those of Germany (in the case of the Bank) and the Netherlands (in the case of Finance), including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in Germany (in the case of the Bank) and The Netherlands (in the case of Finance) in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Bank and Finance each maintains its financial books and records and prepares its financial statements in euro (as defined below) in accordance with generally accepted accounting principles in Germany (in the case of the Bank) and the Netherlands (in the case of Finance), “German GAAP” and “Dutch GAAP”, respectively, which differ in certain important respects from generally accepted accounting principles in the United States (“U.S. GAAP”).

All references in this document to “U.S.dollars”, “U.S.\$”, “\$” and “U.S. cent” refer to the currency of the United States of America, those to “Japanese Yen”, “Yen” and “¥” refer to the currency of Japan, those to “euro”, “EUR” or “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended, those to “DM” refer to the former national currency unit of the euro in the Federal Republic of Germany and those to “NLG” refer to the former national currency unit of the euro in The Netherlands, respectively, before 1st January, 2002.

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In connection with the issue and distribution of any Tranche of Notes, the stabilising manager specified in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see “Subscription and Sale and Transfer and Selling Restrictions”.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the most recently published audited annual financial statements of the Bank, the most recently published audited annual consolidated financial statements of the Group and, if published later, the most recently published (audited or unaudited, as the case may be) interim financial statements or summary financial information (if any) of the Bank, the most recently published audited annual financial statements of Finance and, if published later, the most recently published interim financial statements (if any) of Finance; and
- (b) all supplements to this Information Memorandum (including Pricing Supplements) circulated by the Bank and/or Finance from time to time in accordance with the provisions of the Programme Agreement described below,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Bank and Finance will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written or oral requests for such documents should be directed to either the Bank or, as the case may be, Finance at its office set out at the end of this Information Memorandum. In addition, such documents will be available without charge from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. in its capacity as listing agent (the “Luxembourg Listing Agent”) for Notes listed on the Luxembourg Stock Exchange and, if and for so long as any Notes are listed on Euronext Paris, from the principal office of Banque Lehman Brothers in its capacity as listing agent (the “Paris Listing Agent”) for Paris Listed Notes.

Each of the Bank and Finance will, in connection with the listing of Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any material adverse change in the condition of the Bank or Finance which is not reflected in this Information Memorandum, prepare a further supplement to this Information Memorandum or publish a new information memorandum for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

If the terms of the Programme are modified or amended in a manner which would make this Information Memorandum, as supplemented, inaccurate or misleading, a new information memorandum or supplement thereto will be prepared.

The documents incorporated by reference herein have not been submitted to the clearance procedures of the COB. In the event that any of the Notes are listed on Euronext Paris, the Issuers and, when Finance is the Issuer, the Bank shall give an undertaking to the COB that for so long as any of the Notes are listed on Euronext Paris, any adverse material change in the business or financial condition of the Issuer or of the Bank shall be notified to the COB and published in accordance with its rules.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency and having a minimum maturity of one month, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out:

- (i) in the case of German Notes, in the Terms and Conditions of the Notes, endorsed on or attached to the Notes; or
- (ii) in the case of Euro Notes, in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes,

in each case, as more fully described under “Form of the Notes” below.

This Information Memorandum and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of twelve months from the date of this Information Memorandum and for Euronext Paris, if applicable, in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (each specified in the applicable Pricing Supplement in relation to the relevant Notes as described under “Form of the Notes”) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each specified in the applicable Pricing Supplement in relation to the relevant Notes as described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (each specified in the applicable Pricing Supplement in relation to the relevant Notes as described under “Form of the Notes”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

The Programme may be terminated by the Bank and Finance in accordance with the Programme Agreement (as defined in “Subscription and Sale and Transfer and Selling Restrictions” below).

SUMMARY OF THE PROGRAMME AND THE TERMS AND CONDITIONS OF THE NOTES

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

Issuers:	Landesbank Schleswig-Holstein Girozentrale LB Schleswig-Holstein Finance B.V.
Guarantor:¹	Landesbank Schleswig-Holstein Girozentrale
Arranger:	Lehman Brothers International (Europe)
Dealers:	Credit Suisse First Boston (Europe) Limited Daiwa Securities SMBC Europe Limited Goldman Sachs International J.P. Morgan Securities Ltd. Landesbank Schleswig-Holstein Girozentrale Lehman Brothers International (Europe) Merrill Lynch International Morgan Stanley & Co. International Limited Salomon Brothers International Limited ² UBS AG, acting through its business group UBS Warburg and any other Dealers appointed in accordance with the Programme Agreement.
Legal and regulatory matters:	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements in effect at the date of issue of the relevant Notes (see “Subscription and Sale and Transfer and Selling Restrictions” below), including the following restrictions applicable at the date of this Information Memorandum.</p> <p>Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than certain issues of Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “Swiss Dealer”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licenced by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.</p>

(1) Applies only to Notes issued by Finance, which are guaranteed by the Bank.

(2) Schroder is a trademark of Schroders Holdings plc and is used under licence by Salomon Brothers International Limited.

Notes with a maturity of less than one year:	Notes issued by Finance which have a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.
Programme Agent:	Deutsche Bank AG London
Issue Agent:	In relation to each Series of Euro Notes and German Euro Notes the Programme Agent will act as Issue Agent. In relation to each Series of Clearstream, Frankfurt Notes, the relevant Issuer may appoint an Issue Agent. References in this Information Memorandum to Issue Agents should be construed accordingly. The Bank may perform the duties of Issue Agent in relation to any Series of Clearstream, Frankfurt Notes. In relation to Paris Listed Notes, a Paris Paying Agent will be appointed and will be maintained in respect thereof.
Programme Size:	Up to U.S.\$25,000,000,000 (or its equivalent in other currencies calculated as described herein on page 7) outstanding at any time. The Bank and Finance may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. At the date of this Information Memorandum, the minimum maturity of all Senior Notes is one month and subordinated Notes have a minimum maturity of five years.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Euro Notes will be issued in bearer or registered form as more fully described under “Form of the Notes”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s).
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined either:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest- rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended,

	<p>and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p> <p>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</p> <p>(iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).</p> <p>The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.</p>
Index Linked Notes:	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).</p> <p>Index Linked Notes which are issued as an <i>appel public à l'épargne</i> in France (including, without limitation, Paris Listed Notes) must be issued in compliance with the Principes Généraux from time to time set by the COB and the <i>Conseil des Bourses de Valeurs</i> or any successor body thereto.</p>
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of such Day Count Fraction as may be agreed between by the relevant Issuer and the relevant Dealer(s).</p>
Dual Currency Notes:	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).</p>
Zero Coupon Notes:	<p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.</p>
Redemption:	<p>The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons (as more fully described in Condition 7 in respect of the Euro Notes or Condition 5 in respect of the German Notes) or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or, in the case of Senior Notes only, the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as may be agreed between the Issuer and the relevant Dealer(s) in the applicable Pricing Supplement. Subordinated Notes may not be redeemed less than five years after the relevant Issue Date except for taxation reasons.</p>

	<p>The Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Notes issued by Finance on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution, see “<i>Notes with a maturity of less than one year</i>” above.</p>
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Notes with a maturity of less than one year</i> ” above.
Taxation:	See Condition 8 in respect of the Euro Notes and Condition 6 in respect of the German Notes.
Negative Pledge:	The terms of the Notes will not contain a negative pledge provision.
Cross Default:	The terms of the Senior Notes will contain a cross-default provision as further described in Condition 10 in respect of the Euro Notes or Condition 8 in respect of the German Notes.
Status of the Senior Notes:	<p>Senior Notes will be for all purposes direct, unsecured, unconditional and general obligations of the relevant Issuer and will rank <i>pari passu</i> without any preference among themselves and <i>pari passu</i> with all its other outstanding, unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute). See Condition 3.</p> <p>The payment of all sums due by Finance in respect of (a) any Senior Notes which are Euro Notes, is unconditionally and irrevocably guaranteed by the Bank as provided in the Senior Guarantee dated 11th September, 2001 (the “Senior Guarantee”) and (b) any Senior Notes which are German Notes, is unconditionally and irrevocably guaranteed by the Bank as provided in the Senior German Guarantee (the “Senior German Guarantee”) dated 11th September, 2001, each given by the Bank.</p>
Status of Senior Guarantee:	The obligations of the Bank under the Senior Guarantee will constitute direct, unsecured, unconditional and general obligations of the Bank and will rank <i>pari passu</i> with all its other outstanding, unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute). See Condition 3.
Status of Senior German Guarantee:	The obligations of the Bank under the Senior German Guarantee will constitute direct, unsecured, unconditional and general obligations of the Bank and will rank <i>pari passu</i> with all its other outstanding, unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute). See Condition 2 of the Terms and Conditions of the German Notes.
Status of the Subordinated Notes:	<p>Subordinated Notes will be for all purposes direct, unsecured, subordinated and general obligations of the relevant Issuer and will rank <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> with all its other outstanding, unsecured and subordinated obligations. See Condition 4.</p> <p>The payment of all sums due by Finance in respect of (a) any Subordinated Notes which are Euro Notes is unconditionally and irrevocably guaranteed by the Bank as provided in the Subordinated Guarantee dated 11th September,</p>

	<p>2001 (the “Subordinated Guarantee”) and (b) any Subordinated Notes which are German Notes, is unconditionally and irrevocably guaranteed by the Bank as provided in the Subordinated German Guarantee (the “Subordinated German Guarantee”) dated 11th September, 2001, each given by the Bank.</p>
Status of Subordinated Guarantee:	<p>The obligations of the Bank under the Subordinated Guarantee will constitute direct, unsecured and subordinated obligations of the Bank and will rank <i>pari passu</i>, without any preference among themselves and at least <i>pari passu</i> with all its other unsecured and subordinated obligations. See Condition 4.</p>
Status of Subordinated German Guarantee:	<p>The obligations of the Bank under the Subordinated German Guarantee will constitute direct, unsecured and subordinated obligations of the Bank and will rank <i>pari passu</i>, without any preference among themselves and at least <i>pari passu</i> with all its other unsecured and subordinated obligations. See Condition 2 of the Terms and Conditions of the German Notes.</p>
Ratings:	<p>Notes issued under the Programme before 15th July, 2005 with a maturity of one year or more and with a maturity date falling on or before 31st December, 2015 will be rated Aa1 by Moody’s Investors Service Limited (“Moody’s”) and Notes with a maturity of less than one year have been rated P-1 by Moody’s. These ratings will apply to both Senior Notes and Subordinated Notes.</p> <p>Tranches of notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Listing:	<p>Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each issue including, in the case of Paris Listed Notes, Euronext Paris.</p> <p>Paris Listed Notes will be issued subject to the requirements of the COB and Euronext Paris. It is a requirement of the COB that the <i>Document de Base</i> be submitted to, and approved by, the COB and a registration number given in respect thereof. As at the date of this Information Memorandum, neither this Information Memorandum nor any <i>Document de Base</i> has been approved by the COB.</p> <p>Unlisted Notes may also be issued. The Pricing Supplement relating to each Tranche will state whether or not and, if so, on which stock exchange(s) the relevant Notes are to be listed.</p>
Governing Law:	<p>The Euro Notes will be governed by, and construed in accordance with, English law except for Condition 4 (“Status of Subordinated Notes and Subordinated Guarantee”) which will be governed by, and construed in accordance with, German law. The German Notes will be governed by, and construed in accordance with, German law.</p>
Selling Restrictions:	<p>There are selling restrictions in relation to the United States, the United Kingdom, Japan, France, Germany, the Netherlands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “Subscription and Sale and Transfer and Selling Restrictions” below.</p>

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or in registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Bearer Notes and German Euro Notes

Each Tranche of Bearer Notes and German Euro Notes will (unless otherwise indicated in the applicable Pricing Supplement) be initially represented by a temporary bearer global Note (or if so specified in the applicable Pricing Supplement, a permanent bearer global Note) without receipts, interest coupons or talons, which will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg. Whilst any bearer Note is represented by a temporary bearer global Note and subject to TEFRA D selling restrictions, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the temporary bearer global Note only to the extent that certification (in a form to be provided), as required by U.S. Treasury regulations to the effect that the beneficial owners of interests in such bearer Note are not U.S. persons (as defined in the United States Internal Revenue Code of 1986, as amended) or persons who have purchased for resale to any U.S. person, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the relevant Issue Agent. Any reference in this section “Form of the Notes” to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system (including Euroclear France) approved by the relevant Issuer and the relevant Issue Agent.

On and after the date (the “Exchange Date”) which is 40 days after the date on which any temporary bearer global Note is issued, interests in such temporary bearer global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a permanent bearer global Note of the same Series without receipts, interest coupons or talons or for definitive bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive bearer Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case if the Notes are subject to TEFRA D selling restrictions against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a temporary bearer global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless exchange for an interest in a permanent bearer global Note has been improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Euro Notes” below) the relevant Issue Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days as notified by the relevant Issue Agent to the relevant Dealer(s) after the completion of the distribution of the Notes of such Tranche.

Payments of principal, interest (if any) or any other amounts on a permanent bearer global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the permanent bearer global Note without any requirement for certification. The applicable Pricing Supplement will specify that a permanent bearer global Note will be exchangeable (free of charge), in whole but not in part, for definitive bearer Notes with, where applicable, receipts, interest coupons and talons attached either (i) upon not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent bearer global Note) to the Issue Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in the Conditions) has occurred and is continuing; or (ii) the relevant Issuer has been notified that Euroclear and/or Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available; or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent bearer global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in

accordance with the Conditions if an Exchange Event under (ii) occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent bearer global Note) may give notice to the Issue Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Issue Agent.

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

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.”

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

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

Clearstream, Frankfurt Notes

Each Tranche of Clearstream, Frankfurt Notes will (unless otherwise indicated in the applicable Pricing Supplement) be represented by a Clearstream, Frankfurt Global Note without receipts, interest coupons or talons, which will be delivered to Clearstream, Frankfurt. Clearstream, Frankfurt Notes will not be subject to TEFRA D selling restrictions.

A Clearstream, Frankfurt Global Note will (unless the provisions of such Clearstream, Frankfurt Global Note specifically exclude exchange) be exchangeable (free of charge to the Noteholders) within a certain period or upon request as described therein for definitive Notes with interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of an exchange upon request, to such notice period as is specified in the relevant Clearstream, Frankfurt Global Note) without any requirement for certification. A Clearstream, Frankfurt Global Note may be exchanged in part for definitive Notes and in part for one or more Clearstream, Frankfurt semi-permanent global Notes if, in accordance with the laws and regulations governing the Clearstream, Frankfurt, such definitive Notes will be fungible with the Notes represented by the Clearstream, Frankfurt semi-permanent global Note(s).

Enforcement of Global Notes

A Senior Note may be accelerated by the holder thereof in certain circumstances described in “Terms and Conditions of the Euro Notes – Events of Default”. In such circumstances, where any Euro Note is still represented by a global Note and a holder of such Euro Note so represented and credited to his securities account with Euroclear and/or Clearstream, Luxembourg and/or DTC gives notice that it wishes to accelerate such Euro Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC, on and subject to the terms of, in the case of such Euro Notes issued by the Bank, a deed of covenant executed by the Bank (the “Deed of Covenant by the Bank”) and, in the case of such Euro Notes issued by Finance, a deed of covenant executed by Finance (the “Deed of Covenant by Finance” and together with the Deed of Covenant by the Bank, the “Deeds of Covenant”) each dated 11th September, 2001.

In addition, holders of interests in such global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such global note in accordance with DTC’s standard operating procedures.

Holders of Subordinated Notes have no right in the event of liquidation, bankruptcy or dissolution of the Issuer or the Guarantor in the case of Notes issued by Finance, upon default of any payment owing under the Subordinated Notes or in the performance of any covenant of the Issuer or otherwise, to accelerate the maturity of their Subordinated Notes.

Under German law, owners of interests in a Global Note representing German Notes will be entitled to proceed directly against the relevant Issuer by virtue of such ownership.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a “Regulation S Global Note”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(c)) as the registered holder of the Registered Global Notes. None of the Issuers, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(c)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

General

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Euro Notes”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Note shall be treated by the relevant Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including, in the case of Paris Listed Notes, Euroclear France and the Intermédiaires financiers habilités autorisés to maintain accounts therein (together “Euroclear France”)) specified in the applicable Pricing Supplement.

Pricing Supplements

The Pricing Supplement relating to any Tranche of German Notes will evidence the agreement of the relevant Issuer to issue such Notes and be used to prepare the Terms and Conditions of the relevant Tranche. Each such Pricing Supplement will also be used, if applicable, for providing any relevant stock exchange with the information necessary to obtain a listing for the relevant Tranche of Notes. No Pricing Supplement will be endorsed on or attached to any German Note.

The Pricing Supplement relating to any Tranche of Euro Notes will replace or modify the Terms and Conditions of such Notes as further described in “Terms and Conditions of the Euro Notes” on page 24.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

[LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTALE/
LB SCHLESWIG-HOLSTEIN FINANCE B.V.]

(the “Issuer”)

[Title of relevant Series of Notes (specifying type of Notes)]

[Guaranteed by Landesbank Schleswig-Holstein Girozentrale]

issued pursuant to the U.S.\$25,000,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Information Memorandum dated []. This Pricing Supplement is supplemental to and must be read in conjunction with such Information Memorandum.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | |
|----|-----------------------------------|--|
| 1. | (i) Issuer | [Landesbank Schleswig-Holstein Girozentrale/LB Schleswig-Holstein Finance B.V.] |
| | (ii) Guarantor: | [Landesbank Schleswig-Holstein Girozentrale] ¹ |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Type of Notes: | [Euro Notes/German Euro Notes/Clearstream, Frankfurt Notes] |
| 4. | Specified Currency or Currencies: | [] |
| 5. | Aggregate Nominal Amount: | |
| | (i) Tranche: | [] |
| | (ii) Series: | [] |
| 6. | (i) Issue Price of Tranche: | [] 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: | [] |
| | | <i>(Required only for listed issues)</i> |
| 7. | Specified Denominations: | [] |
| | | <i>(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)</i> |

(1) To be included if the Issuer is Finance.

8. [(i)] Issue Date [and Interest Commencement Date]: []
- [(ii)] Interest Commencement Date (if different from the Issue Date): []
9. Maturity Date: *[Fixed rate – specify date/
Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
10. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
12. Change of Interest Basis or Redemption/
Payment Basis: *[Specify details of any provision for change of Notes
into another Interest Basis or Redemption/Payment
Basis]*
13. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
14. [(i)] Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
[(ii)] Status of the Guarantee: [Senior/[Dated/Perpetual] Subordinated]
15. Listing: [Luxembourg/Paris/*specify other*/None]
16. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **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] in arrear]
*(If payable other than annually, consider amending
Condition 5)*
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity
Date]/[specify other]]
*(NB: This will need to be amended in the case of long
or short coupons)*
- (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]*

- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or *specify other*]
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.
NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration
NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
18. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (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/[*specify other*]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issue Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(viii) Margin(s):	[+/-] [] per cent. per annum
(ix) Minimum Rate of Interest:	[] per cent. per annum
(x) Maximum Rate of Interest:	[] per cent. per annum
(xi) Day Count Fraction:	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other] (See Condition 5 for alternatives)
(xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[]
19. Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Accrual Yield:	[] per cent. per annum
(ii) Reference Price:	[]
(iii) Any other formula/basis of determining amount payable:	[]
(iv) Day Count Fraction in relation to Early Redemption Amounts and late Payment:	[Conditions 7(e)(iii) and 7(j) apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar denominated)</i>
20. Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index/Formula:	[give or annex details]
(ii) Calculation Agent responsible for calculating the principal and/or interest due:	[]
(iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[]
(iv) Specified Period(s)/Specified Interest Payment Dates:	[]
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
(vi) Additional Business Centre(s):	[]
(vii) Minimum Rate of Interest:	[] per cent. per annum
(viii) Maximum Rate of Interest:	[] per cent. per annum

- (ix) Day Count Fraction: []
21. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []
- PROVISIONS RELATING TO REDEMPTION**
22. **Issuer Call** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
23. **Investor Put** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) Notice period (if other than as set out in the Conditions): []
24. **Final Redemption Amount:** [Nominal Amount/specify other/see Appendix]
25. **Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):** []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:
- [Euro Notes and German Euro Notes:
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
[Clearstream, Frankfurt Notes:
[Details of form in which Clearstream, Frankfurt Notes will be represented on issue and details, if applicable, for exchange of Clearstream, Frankfurt Global Note]]
[Registered Notes:
Regulation S Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[] nominal amount registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*))]
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates:
- [Not Applicable/*give details*]
(*Note that this item relates to the place of payment and not Interest Period end dates to which items 18(iii) and 20(vi) relate*)
28. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):
- [Yes/No. *If yes, give details*]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
- [Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues.*]
30. Details relating to Instalment Notes:
- [(i) Instalment Amounts: [Not Applicable/*give details*]]
- [(ii) Instalment Dates: [Not Applicable/*give details*]]
31. Redenomination:
- Redenomination [not] applicable
(*If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Pricing Supplement*)
32. Other terms or special conditions:
- [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]

- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of relevant Dealer: []
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

37. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt or Clearstream France and the relevant identification numbers: [Not Applicable/*give name(s) and number(s)*]
38. Delivery: Delivery [against/free of] payment
39. Additional Paying Agent(s) (if any): []

ISIN:	[]
Common Code:	[]
WKN:	[]
(insert here any other relevant codes such as CUSIP and CINS codes)	[]

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the U.S.\$25,000,000,000 Global Medium Term Note Programme of Landesbank Schleswig-Holstein Girozentrale and LB Schleswig-Holstein Finance B.V.

RESPONSIBILITY

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

For and on behalf of

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE as [Issuer/Guarantor]

By:.....

By:

[For and on behalf of

LB SCHLESWIG-HOLSTEIN FINANCE B.V.

By:.....

By:]

TERMS AND CONDITIONS OF THE EURO NOTES

The following are the Terms and Conditions of the Euro Notes to be issued by the relevant Issuer which will be incorporated by reference into each global Note and each definitive Note that is a Euro Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer and the relevant Dealer(s) at the time of issue but if not so permitted and agreed, such definitive Note will have endorsed upon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Euro Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note that is a Euro Note. Reference should be made to "Form of the Notes" above for the form of Pricing Supplements which will include the meanings of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Euro Notes.

This Note is one of a series of Notes issued, as indicated in the Pricing Supplement (as defined below) by Landesbank Schleswig-Holstein Girozentrale (the "Bank") or LB Schleswig-Holstein Finance B.V. ("Finance") and references herein to the "Issuer" shall be to the Issuer as so indicated. The Notes are issued pursuant to the Agency Agreement (as defined below). References herein to the "Notes" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes in bearer form ("Bearer Notes") issued in exchange for a global Note, (iii) definitive Notes in registered form ("Registered Notes") (whether or not issued in exchange for a global Note in registered form) and (iv) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an amended and restated Agency Agreement (the "Agency Agreement" which expression shall include the same as amended, supplemented or restated from time to time) dated 12th September, 2002, and made among the Bank, Finance, Deutsche Bank AG London as programme agent and as issuing and principal paying agent and agent bank (in its capacity as issuing and principal paying agent and, if applicable, agent bank, the "Programme Agent", which expression shall include any successor agent) and the other paying agents named therein (together with the Programme Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), Deutsche Bank Trust Company Americas, New York as exchange agent (the "Exchange Agent" which expression shall include any successor exchange agent) and as registrar (the "Registrar" which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the "Transfer Agents", which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) shall have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "Pricing Supplement" or the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or endorsed hereon.

Any reference herein to "Noteholders" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of, in the case of Notes issued by the Bank, a deed of covenant executed by the Bank (the “Deed of Covenant by the Bank”) and, in the case of Notes issued by Finance, a deed of covenant executed by Finance (the “Deed of Covenant by Finance”) and together with the Deed of Covenant by the Bank, the “Deeds of Covenant”), each dated 11th September, 2001. The originals of the Deeds of Covenant are held by a common depository on behalf of Euroclear (as defined below) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

In relation to the Notes issued by Finance, the Noteholders, Receiptholders and the Couponholders will be entitled to the benefit of (a) in the case of an issue of Senior Notes, the senior guarantee (the “Senior Guarantee”) or (b) in the case of an issue of Subordinated Notes, the subordinated guarantee (the “Subordinated Guarantee”), in each case dated 11th September, 2001, entered into by the Bank (as defined below). The original of the Senior Guarantee and the Subordinated Guarantee is held by Deutsche Bank AG London as programme agent.

In these Terms and Conditions, the “Guarantor” shall mean Landesbank Schleswig-Holstein Girozentrale in its capacity as guarantor in respect of any Notes issued by Finance and references herein to the Guarantor are, accordingly, applicable only in the context of such Notes.

Copies of the Agency Agreement, the form of the Pricing Supplement and the Pricing Supplement applicable to this Note, the Deeds of Covenant, a deed poll (the “Deed Poll”) dated 11th September, 2001, the Senior Guarantee and the Subordinated Guarantee are available for inspection during normal business hours at the specified office of each of the Programme Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar together referred to as the “Agents”) save that a Pricing Supplement relating to an unlisted Note of any Series will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Agent as to identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deeds of Covenant, the Deed Poll, the Agency Agreement and the applicable Pricing Supplement which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

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

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of Condition 2. The Issuer, the Guarantor and any Agent may deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and

notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg or, in the case of Notes listed on Euronext Paris, Euroclear France (as defined below)) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or Euroclear France as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or Euroclear France as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly). For so long as The Depository Trust Company (“DTC”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system including, in the case of Notes listed on the Euronext Paris S.A. (“Euronext Paris”), Euroclear France S.A. and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together “Euroclear France”) approved by the Issuer and the Programme Agent.

2. Transfers of Registered Notes

(a) Transfers of interest in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor’s nominee.

(b) Transfers of Registered Notes in definitive form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent

must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 12 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office, to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "Transfer Certificate"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who take delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holder of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) *Definitions*

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue);

“Legended Note” means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“QIB” means “qualified institutional buyer” within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in the United States or to QIBs; and

“Securities Act” means the United States Securities Act of 1933, as amended.

3. Status of the Senior Notes and the Senior Guarantee

This Condition is applicable only to Notes which are Senior Notes.

- (a) Senior Notes and the relative Receipts and Coupons are for all purposes direct, unsecured, unconditional and general obligations of the Issuer and rank *pari passu* without any preference among themselves and *pari passu* with all its other outstanding, unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute).
- (b) (i) The payment of all sums in respect of any Senior Notes issued by Finance is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Senior Guarantee.
- (ii) The obligations of the Bank under the Senior Guarantee constitute direct, unsecured, unconditional and general obligations of the Bank and rank *pari passu*, without any preference among themselves, with all its other outstanding, unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute).

4. Status of the Subordinated Notes and the Subordinated Guarantee

This Condition is applicable only to Notes which are Subordinated Notes.

- (a) (i) Subordinated Notes and the relative Receipts and Coupons are for all purposes direct, unsecured, subordinated and general obligations of the relevant Issuer and will rank *pari passu* without any preference among themselves and at least *pari passu* with all its other outstanding, unsecured and subordinated obligations.
- (ii) In the event of the liquidation or bankruptcy or dissolution of the Issuer or in the event of any proceedings as a result of which or in consequence of which the Issuer may be liquidated, dissolved or wound-up, the claims of the Noteholders arising in relation to the Subordinated Notes and the relative Receipts and Coupons are subordinated to the unsubordinated claims of all creditors of the Issuer so that payments in respect of the Subordinated Notes and the relative Receipts and Coupons shall only be made after all existing unsubordinated claims of creditors of the Issuer have been fully satisfied.
- (iii) No holder may set-off his claims arising under the Subordinated Notes or the relative Receipts or Coupons against claims of the Issuer. Except for the Subordinated Guarantee (in the case of Subordinated Notes issued by Finance), no security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the holders under the Subordinated Notes and the relative Receipts and Coupons.
- (iv) No subsequent agreement between the Issuer and the holders of the Subordinated Notes may have the effect of limiting the provisions set out herein with regard to the subordination of the Subordinated Notes or of shortening the maturity of the Subordinated Notes. If the Subordinated Notes are redeemed prior to the Maturity Date, otherwise than in circumstances described in Condition 4(a)(ii) above or Condition 7(b) below, then the amount so redeemed must be returned to the Issuer irrespective of any agreement to the contrary, unless at the time of such redemption, the Issuer, or where the Issuer is Finance, the Guarantor shall have, to the extent required by law, replaced the capital (*Haftendes Eigenkapital* within the meaning of the German Federal Banking Law) created by the Subordinated Notes with liable capital of at least equal ranking or the Federal Banking Supervisory Authority has given its consent to the redemption.
- (v) Holders of Subordinated Notes shall have no right, in the event of liquidation, bankruptcy or dissolution of the Issuer or the Guarantor or upon default of any payment owing under the Subordinated Notes or in the performance of any covenant of the Issuer or otherwise, to accelerate the maturity of their Subordinated Notes.
- (b) (i) The payment of all sums in respect of any Subordinated Notes issued by Finance is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Subordinated Guarantee.
- (ii) The obligations of the Bank under the Subordinated Guarantee constitute direct, unsecured and subordinated obligations of the Bank and rank *pari passu*, without any preference among themselves and at least *pari passu* with all its other unsecured and subordinated obligations.

5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its 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 so specified payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified 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 (but excluding) 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.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and 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;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:

- (1) in the case of Notes where 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 (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

- (2) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination 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;

“Determination Period” means the period from (and including) a Determination Date to, but excluding, the next Determination Date; and

“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.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions mean 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 a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open. In these Terms and Conditions, “TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Programme Agent under an interest rate swap transaction if the Programme Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes and as published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

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

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

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

(B) *Screen Rate Determination for Floating Rate Notes*

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case

of LIBOR, or Brussels time in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Programme Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Programme Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

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

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Programme Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Programme Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Programme Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:-

- (i) if “Actual/365” or “Actual/Actual (ISDA)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

- (iii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest 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 (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest 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 (b) the last day of the Interest 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
- (v) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-days months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date 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).

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

The Programme Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Programme Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Programme Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Programme Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(d) *Partly Paid Notes*

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

(e) *Accrual of Interest*

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

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Programme Agent or the Registrar and notice to that effect has been given in accordance with Condition 15 or individually.

6. Payments

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account specified by the payee.

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

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

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

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

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Index Linked Redemption Amount Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

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

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

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

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

(c) *Payments in respect of Registered Notes*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Notes at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is

located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "Designated Bank" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as Registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Bank, Finance or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which is (subject to Condition 9) both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London; and

- (C) any Additional Financial Centre specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Business Centre and which, if the Specified Currency is New Zealand dollars or Australian dollars, shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(e) *Interpretation of Principal and Interest*

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

- (i) any additional amounts which may be payable under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)(iii)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

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

7. **Redemption and Purchase**

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for Tax Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note or a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Programme Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, either the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making

payment itself would be obliged to pay such additional amounts, in either case as a result of any change in, or amendment to, the laws or regulations of the Netherlands and/or Germany or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer or the Guarantor, as the case may be, shall deliver to the Programme Agent a certificate signed by either two directors or two members of the board of management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Programme Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) *Redemption of Senior Notes only at the Option of the Noteholders (Investor Put)*

This Condition 7(d) applies only to Senior Notes and references herein to “Notes” shall be deemed to mean Senior Notes.

If Investor Put is specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer or to the Programme Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) on its behalf in accordance with Condition 14 not less than 30 nor more than 60 days’ notice or such other period of notice as is specified in the applicable Pricing Supplement the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Programme Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Programme Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Programme Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice given by a holder of any Note in definitive form pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

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

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are

denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the “Amortised Face Amount”) equal to the sum of:

(A) the Reference Price; and

(B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes 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, it shall be made (i) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) *Instalments*

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

(g) *Partly Paid Notes*

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

(h) *Purchases*

The Issuer, the Guarantor or any Subsidiary (as defined below) of the Bank may at any time purchase Senior Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or the relevant Subsidiary surrendered to any Paying Agent and/or the Registrar for cancellation.

“Subsidiary” means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Programme Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero

Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

8. Taxation and Additional Amounts

- (a) Taxation relating to the Notes and to any monies received by the holder of any Note depends on the personal circumstances of the individual holder of each Note.
- (b) On the Issue Date of the first Tranche of the Notes, neither the Issuer in its capacity as the debtor of the Notes nor the Guarantor is required to and neither the Issuer nor the Guarantor will withhold or deduct any amounts from, in the case of the Issuer, payments of principal and interest on the Notes or, in the case of the Guarantor, payments in respect of principal and interest on the Notes under the Senior Guarantee or the Subordinated Guarantee, as the case may be, in each case in respect of any taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied for the account of the Noteholders and or Couponholders and/or Receiptholders, as the case may be, by, in the case of payments by the Issuer (whether it be the Bank or Finance) or the Guarantor, the Federal Republic of Germany or any political sub-division of, or any authority in, or of, the Federal Republic of Germany and/or, in the case of payments by Finance where it is the Issuer, the Netherlands or any political sub-division of, or any authority in, or of, the Netherlands.
- (c) Should after the Issue Date referred to above the Issuer in its capacity as the debtor of the Notes or the Guarantor in its capacity as guarantor of the Notes be required by law to withhold or deduct any amounts from, in the case of the Issuer, payments of principal and/or interest on the Notes or, in the case of the Guarantor, payments in respect of principal and/or interest on the Notes under the Senior Guarantee or the Subordinated Guarantee, as the case may be, in respect of Taxes imposed or levied for the account of the Noteholders, and/or Couponholders and/or Receiptholders, as the case may be, by, in the case of payments by the Issuer (whether it be the Bank or Finance) or the Guarantor, the Federal Republic of Germany or any political sub-division of, or any authority in, or of, the Federal Republic of Germany and/or, in the case of payments by Finance where it is the Issuer, the Netherlands or any political sub-division of, or any authority in, or of, the Netherlands, then the Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and/or Couponholders and/or Receiptholders, as the case may be, after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Receipts or Coupons in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:
 - (i) in the case of Finance as the Issuer, presented for payment in the Netherlands or in the Federal Republic of Germany, and in the case of the Bank as the Issuer, presented for payment in the Federal Republic of Germany; or
 - (ii) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with, in the case of Finance as the Issuer, the Netherlands or the Federal Republic of Germany, and in the case of the Bank as the Issuer, the Federal Republic of Germany, other than the mere holding of such Note, Receipt or Coupon; or
 - (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(d)); or

- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings (the “Directive”) implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any other conclusions or decisions relating to the outcome of that meeting or any law implementing or complying with, or introduced in order with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

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

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date thereof.

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

10. Events of Default

This Condition 10 applies only to Senior Notes (whether in bearer or registered form):

In respect of any Senior Note, if any one or more of the following events (each an “Event of Default”) shall have occurred and be continuing:

- (a) if there is default, for any reason whatsoever, for more than 30 days in the payment of any amounts due under such Senior Note after written notice requiring such default to be remedied shall have been given to the Issuer; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Guarantor fails to perform or observe any of its other obligations under the Senior Guarantee in respect of the Senior Notes and, in either case, the failure continues for the period of 45 days next following the service by any Noteholder on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or
- (c) if the Issuer and/or the Guarantor fails to fulfil any payment obligation from any other bond or note issue, any loan or other kind of borrowing exceeding U.S.\$10,000,000 or an equivalent amount in any other currency, or from any guarantee or indemnity given in respect of any such financing, and such default continues for more than the grace period applicable thereto or the Issuer and/or the Guarantor becomes liable to fulfil any such payment obligation prior to its specified maturity by reason of default (howsoever described) of the Issuer and/or the Guarantor, as the case may be, unless, in any such case, such payment obligation is being contested in good faith and by appropriate legal proceedings; (if any) or
- (d) bankruptcy, judicial composition or other insolvency proceedings are instituted by order of any court or authority in the Federal Republic of Germany and/or in the case of Finance only where it is the Issuer, the Netherlands in respect of the assets of the Issuer and/or the Guarantor or the Issuer and/or the Guarantor shall apply for the institution of such proceedings, or the Issuer and/or the Guarantor shall suspend, or announce that it will suspend, its payments generally; or
- (e) if the Issuer is Finance, Finance applies for a *surseance van betaling* (within the meaning of the Statute of Bankruptcy of the Netherlands); or

- (f) the Issuer shall be dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with another company incorporated, domiciled or resident in the same jurisdiction as the Issuer and such company assumes all of the obligations of the Issuer under the Notes and the Coupons and thereafter references to the “Issuer” herein shall be to such company; or
- (g) in the case where the Issuer is Finance, the Guarantor shall be dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with another company incorporated, domiciled or resident in the same jurisdiction as the Guarantor and such company assumes all of the obligations of the Guarantor under the Senior Guarantee and thereafter references to the “Guarantor” herein shall be to such company; or
- (h) the Senior Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect,

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

11. Replacement of Notes, Receipts, Coupons and Talons

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

12. Agents

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

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

- (i) there will at all times be a Programme Agent and a Registrar.
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (iii) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (iv) in the event that any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to deduct or withhold tax pursuant to any such Directive or law, to the extent this is possible in a Member State of the European Union.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. Exchange of Talons

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

14. Notices

All notices regarding the Bearer Notes shall be published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Bearer Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and (iii) (in respect of any Bearer Notes listed on Euronext Paris) in a daily newspaper of general circulation in Paris. It is expected that such publication will be made in the *Financial Times* in London, the *Luxemburger Wort* in Luxembourg and *Les Echos* in Paris. The Issuer failing which the Guarantor shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. It is expected that such publication will be made in the *Financial Times* in London, the *Luxemburger Wort* in Luxembourg and, if the Notes are listed on Euronext Paris, *Les Echos* in Paris.

Except in the case of Notes listed on Euronext Paris, until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange, the rules of the stock exchange so permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

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

15. Meetings of Noteholders, Modification and Waiver

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

75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Agency Agreement, the Senior Guarantee or the Subordinated Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the Federal Republic of Germany (in the case of the Senior Guarantee, the Subordinated Guarantee or Notes issued by the Bank or Finance) or the Netherlands (in the case of Notes issued by Finance).

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

16. Further Issues

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

17. Substitution

- (a) The Issuer may, without the consent of the Noteholders or Couponholders, if no payment of principal of or interest on any of the Notes is in default, substitute the Bank or any Subsidiary of the Bank or Finance as the principal debtor in respect of the Notes, the Receipts, the Coupons, the Agency Agreement and the Deed of Covenant (the “Substituted Debtor”), provided that:
 - (1) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor, the Issuer and the Bank (unless it is the Substituted Debtor) as may be necessary to give full effect to the substitution (the “Documents”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes and the Coupons in place of the Issuer (or of any previous substitute under this Condition) and, where the Issuer is Finance and the Bank is not the Substituted Debtor, pursuant to which the Bank shall unconditionally and irrevocably guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor in respect of the Notes, the Receipts and the Coupons, substantially in the form of the Senior Guarantee (with respect to Senior Notes) or the Subordinated Guarantee (with respect to Subordinated Notes), as the case may be (the “Guarantees”);
 - (2) without prejudice to the generality of sub-paragraph (1) above, if the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory or territories (together, the “New Residence”) other than that in which the Issuer prior to such substitution was incorporated, domiciled or resident for taxation purposes (the “Former Residence”), the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 above, with, where applicable, the substitution of references to the Former Residence with references to the New Residence;

- (3) the Documents shall contain a warranty and representation (i) that the Substituted Debtor, the Issuer and the Bank (unless it is the Substituted Debtor) have obtained all necessary governmental and regulatory approvals and consents for such substitution and, unless the Substituted Debtor is the Bank, for the giving by the Bank of the Guarantees in respect of the obligations of the Substituted Debtor, that each of the Substituted Debtor and, unless the Substituted Debtor is the Bank, the Bank has obtained all necessary governmental and regulatory approvals and consents for the performance by each of the Substituted Debtor and, unless the Substituted Debtor is the Bank, the Bank of its obligations under the Documents and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by each of the Substituted Debtor and, unless the Substituted Debtor is the Bank, the Bank under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
 - (4) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, such Notes will continue to be listed on such stock exchange;
 - (5) the Substituted Debtor shall have appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes, the Receipts and/or the Coupons; and
 - (6) legal opinions shall have been delivered to the Programme Agent (from whom copies will be available) (in each case dated not more than three days prior to the intended date of substitution) from legal advisers of good standing selected by the Issuer in each jurisdiction in which the Substituted Debtor, the Issuer and, unless the Substituted Debtor is the Bank, the Bank are incorporated and in England confirming, as appropriate, that upon the substitution taking place (aa) the requirements of this Condition, save as to the giving of notice to the Noteholders, have been met, (bb) where the Substituted Debtor is the Bank, the owners of the Bank at such time shall be liable for the obligations of the Bank under the Notes, Receipts and Coupons to the same extent and in the same manner as such owners are liable in respect of the obligations of the Bank under the Senior Guarantee or the Subordinated Guarantee, as the case may be, immediately prior to the intended substitution, (cc) where the Substituted Debtor is not the Bank, each of the Senior Guarantee and the Subordinated Guarantee is a legal, valid and binding obligation of the Bank enforceable in accordance with its terms and that the owners of the Bank at such time shall be liable for the obligations of the Bank under the Guarantees to the same extent and in the same manner as such owners are liable in respect of the obligations of the Bank under the Senior Guarantee or the Subordinated Guarantee, as the case may be, immediately prior to the intended substitution and (dd) the Notes, Receipts and Coupons are legal, valid and binding obligations of the Substituted Debtor enforceable in accordance with their terms.
- (b) Upon the execution of the Documents, the Substituted Debtor shall be deemed to be named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in place of the Issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution of a Substituted Debtor as principal debtor, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor in respect of the Notes, the Agency Agreement and the Deed of Covenant.
 - (c) The Documents shall be deposited with and held by the Programme Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor, the Issuer or (unless the Substituted Debtor is the Bank) the Bank by any Noteholder in relation to the Notes, the Guarantees, if applicable, or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor, the Issuer and the Bank (if applicable as aforesaid) shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes, the Guarantees, if applicable, or the Documents.
 - (d) Not later than 20 days after the execution of the Documents the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

- (e) At any time after a substitution pursuant to paragraph (a) above, the Substituted Debtor may, without the consent of the Noteholders, effect a further substitution provided that all the provisions specified in paragraphs (a), (b), (c) and (d) above shall apply, *mutatis mutandis*, and, without limitation, references in the Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.
- (f) At any time after a substitution pursuant to paragraph (a) or (e) above, any Substituted Debtor may, without the consent of the Noteholders, effect a further substitution, *mutatis mutandis*, whereunder Finance or the Bank, as the case may be, is re-instated as the principal debtor in respect of the Notes, the Receipts, the Coupons, the Agency Agreement and the Deed of Covenant.

18. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Submission to Jurisdiction

- (a) The Agency Agreement, the Deed of Covenant by the Bank, the Deed of Covenant by Finance, the Deed Poll, the Senior Guarantee, the Subordinated Guarantee (except for Clause 7, which shall be governed by German law) the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that, in the case of Subordinated Notes, Condition 4 is governed by, and shall be construed in accordance with, German law.
- (b) The Issuer agrees, for the exclusive benefit of the Agents, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons (together referred to as “Proceedings”) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints the Bank’s United Kingdom representative office, c/o Hamburgische Landesbank, London Branch, at its registered office at Moorgate Hale, 155 Moorgate, London EC2M 6UJ, as its agent for service of process, and undertakes that, in the event of the Bank ceasing to have a representative office in the United Kingdom, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

TERMS AND CONDITIONS OF THE GERMAN NOTES

The following are the Terms and Conditions of the German Notes to be issued by the Issuer which, subject to completion and amendment and as supplemented or varied with respect to any Tranche of Notes, will be attached to each global Note and printed on each definitive Note that is a German Note. The Terms and Conditions of the German Notes may be amended to provide for any Note not envisaged by the following Terms and Conditions. The German version of the Terms and Conditions of the German Notes will be the governing version; the Issuer and the Guarantor have satisfied themselves that the English version of the Terms and Conditions as shown below accurately reflects the corresponding German original version thereof in all material respects. The applicable Pricing Supplement in relation to any Tranche of German Notes will not form a part of the Terms and Conditions of the German Notes and, accordingly, will not be attached to global Notes or endorsed or printed on definitive Notes that are German Notes. As of the date of this Information Memorandum, neither Issuer envisages listing German Notes on Euronext Paris. The Terms and Conditions of the German Notes will be completed in accordance with the instructions set forth in the footnotes and as otherwise appropriate.

German Notes may not be issued in registered form. German Notes may be issued either as German Euro Notes or as Clearstream, Frankfurt (as defined below) Notes. German Euro Notes will initially be represented by a temporary global Note to be deposited with a common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below). Such temporary global Note will be exchangeable for a permanent global Note and, depending on the terms of such permanent global Note, may be exchangeable for definitive Notes. By contrast, Clearstream, Frankfurt Notes will be represented by a global Note which, depending on the terms of such global Note, may be exchangeable for definitive Notes. With respect to Clearstream, Frankfurt Notes, all references in the Terms and Conditions of the German Notes to “temporary”, “Euroclear” and “Clearstream, Luxembourg”, and “Permanent Global Note” will be deleted.

With respect to German Notes issued by Landesbank Schleswig-Holstein Girozentrale, all references to “Guarantee”, “Guarantor” and “the Netherlands” will be deleted. References to “Talons” will be deleted with respect to Notes to which no Talons will be attached.

§1

(Form, Denomination and Title)

(1) The issue of notes of [Landesbank Schleswig-Holstein Girozentrale] [LB Schleswig-Holstein Finance B.V.] (the “Issuer”) in the aggregate principal amount specified on the face hereof is subdivided into notes in the denominations specified on the face hereof, payable to bearer and ranking *pari passu* among themselves (the “Notes”).

(2) The Notes are represented by a [temporary]⁽¹⁾ global Note payable to bearer (the “Global Note”), without interest coupons, which is deposited with [Clearstream Banking AG (“Clearstream, Frankfurt”)],⁽²⁾ [a common depository for Euroclear Bank S.A./N.V. office, as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”)]⁽³⁾. The right to demand the payment of interest on the Notes is also represented by the Global Note. [Interests in the Global Note are exchangeable for interests in a permanent global Note (the “Permanent Global Note”) on or after the date which is 40 days after the issue date subject to the requirements set forth on the face of the Global Note.]⁽⁴⁾ Notes represented by the Global Note[or the PermanentGlobal Note] will be transferable only in

§1

Form, Nennbetrag und Titel

(1) Die Emission von Teilschuldverschreibungen der [Landesbank Schleswig-Holstein Girozentrale] [LB Schleswig-Holstein Finance B.V.] (die “Emittentin”) in Höhe des auf der Vorderseite der Teilschuldverschreibungen genannten Gesamtnennbetrages ist eingeteilt in auf den Inhaber lautende, untereinander gleichberechtigte Teilschuldverschreibungen mit dem auf der Vorderseite der Teilschuldverschreibungen genannten Nennbetrag (die “Teilschuldverschreibungen”).

(2) Die Teilschuldverschreibungen werden durch eine auf den Inhaber lautende [vorläufige]⁽¹⁾ Globalurkunde ohne Zinsscheine (die “Globalurkunde”) verbrieft, die bei [der Clearstream Banking AG (“Clearstream, Frankfurt”)]⁽²⁾ [einem gemeinsamen Verwahrer für Euroclear Bank S.A./N.V. als Betreiber des Euroclear Systems (“Euroclear”), und Clearstream Banking, société anonyme (“Clearstream, Luxembourg”)]⁽³⁾ hinterlegt ist. Das Recht, die Zahlung von Zinsen auf die Teilschuldverschreibungen zu verlangen, wird ebenfalls durch die Globalurkunde verbrieft. [Anteile an der Globalurkunde können frühestens 40 Tage nach dem Ausgabetag nach Maßgabe der auf der Vorderseite der Globalurkunde genannten Bedingungen in Anteile an einer Dauerglobalurkunde (die “Dauerglobalurkunde”)]

(1) For German Euro Notes.

(2) For Clearstream, Frankfurt Notes.

(3) For German Euro Notes.

(4) For German Euro Notes.

accordance with the rules and procedures of [Clearstream, Frankfurt] [and] [Euroclear and Clearstream, Luxembourg]. [The Permanent Global Note is exchangeable for definitive Notes, as provided on the face of the [Permanent] Global Note, in whole but not in part, [upon not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issue Agent as described therein] [only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in the Conditions) has occurred and is continuing; or (ii) the relevant Issuer has been notified that Euroclear and/or Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available; or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with the Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Issue Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Issue Agent]⁽⁵⁾. Any further rights to demand the issue of definitive Notes or interest coupons is excluded.]⁽⁶⁾ [Any right to demand the issue of definitive Notes or interest coupons is excluded. References to "definitive Notes" in these Terms and Conditions are not applicable to the Notes.]⁽⁷⁾ Copies of the Global Note [and the Permanent Global Note] are available for inspection at the specified offices of the Paying Agents (as defined below).

(die "Dauerglobalurkunde") umgetauscht werden]⁽⁴⁾. Die durch die Globalurkunde [oder die Dauerglobalurkunde] verbrieften Teilschuldverschreibungen sind nur nach Maßgabe der Regeln und Verfahren [von Clearstream, Frankfurt] [und] [von Euroclear und Clearstream, Luxembourg] übertragbar. [Die Globalurkunde wird, wie auf der Vorderseite der [Dauerglobalurkunde] [Globalurkunde] bestimmt, insgesamt (aber nicht teilweise) in effektive Teilschuldverschreibungen umgetauscht [, wenn unter Wahrung einer Frist von nicht weniger als 60 Tagen der Emissionsstelle durch Euroclear und/oder Clearstream, Luxembourg auf Anweisung eines Inhabers von Anteilen an dieser Globalurkunde entsprechende Mitteilung gemacht wurde.] [bei Vorliegen eines Austauschgrundes. Ein "Austauschgrund" liegt vor, wenn (i) ein Vorzeitiger Kündigungsgrund eingetreten ist und andauert; (ii) der Emittentin Mitteilung gemacht worden ist, daß sowohl Euroclear als auch Clearstream, Luxembourg ihre Geschäftstätigkeit für einen ununterbrochenen Zeitraum von 14 Tagen, wobei der Grund nicht auf Ferien, gesetzlicher Vorschrift oder anderen Gründen beruht, eingestellt haben oder angekündigt haben, ihre Geschäftstätigkeit dauerhaft einzustellen bzw. diese bereits eingestellt haben und kein anderes Clearing System zur Verfügung steht; oder (iii) die Emittentin nachteiligen Steuerfolgen ausgesetzt wird bzw. solche Steuerfolgen unmittelbar bevorstehen und diese nicht eingetreten wären bzw. eintreten würden, wenn die Teilschuldverschreibungen, die durch diese Globalurkunde verbrieft werden, als effektive Teilschuldverschreibungen vorlägen. Den Eintritt eines Austauschgrundes hat die Emittentin den Anleihegläubigern unverzüglich gemäß den Anleihebedingungen bekanntzumachen. Im Falle des Eintritts eines Austauschgrundes dürfen Euroclear und/oder Clearstream, Luxembourg auf Anweisung eines Inhabers von Anteilen an der Globalurkunde der Emissionsstelle von einem Austauschverlangen Mitteilung machen. Ein Austausch darf nicht später als 60 Tage nach dem Datum erfolgen, an dem die Emissionsstelle die erste wirksame Mitteilung dahingehend erhalten hat.]⁽⁵⁾ Darüber hinausgehende Ansprüche auf die Ausgabe effektiver Teilschuldverschreibungen oder von Zinsscheinen sind ausgeschlossen.]⁽⁶⁾ [Ein Anspruch auf die Ausgabe effektiver Teilschuldverschreibungen oder von Zinsscheinen ist ausgeschlossen. Bezugnahmen auf "effektive Teilschuldverschreibungen" in diesen Anleihebedingungen sind auf die Teilschuldverschreibungen nicht anwendbar.]⁽⁷⁾ Kopien der Globalurkunde [und der Dauerglobalurkunde] können in den angegebenen Geschäftsstellen der Zahlstellen (wie nachstehend definiert) eingesehen werden.

(5) Delete as appropriate.

(6) For Tranches that are exchangeable for definitive Notes (which may include semi-permanent global Notes) upon request.

(7) For Tranches that are not exchangeable for definitive Notes.

[(3) Each definitive Note has attached a number of interest coupons (the “Coupons”) not exceeding the number of interest payments not yet due at the time of issue of the definitive Note. [Definitive Notes also have talons (“Talons”) attached which are exchangeable for additional Coupons.] The definitive Notes[,] [and] the Coupons [and the Talons] bear the facsimile signatures of two members of the [board of management] [board of directors] of the Issuer. The definitive Notes are manually signed by a control officer of ●]⁽⁸⁾

[3] [(4)] [References to “Coupons” and “interest” in these Terms and Conditions are not applicable to the Notes.

[4] [(5)]]⁽⁹⁾ Any reference herein to “Noteholders” means the holders of the Notes and the holders of the Coupons [and, unless the context otherwise requires, includes the holders of the Talons].

§2

(Status of the Notes)

(1) [The Notes and the Coupons are for all purposes direct, unsecured, unconditional and general obligations of the Issuer and rank *pari passu* with all its other outstanding unsecured and unsubordinated obligations (save for certain debts required to be preferred by law or statute).]⁽¹⁰⁾

[The Notes and the Coupons are for all purposes direct, unsecured and general obligations of the Issuer and rank at least *pari passu* with all its other outstanding, unsecured and subordinated obligations.

(2) in the event of the liquidation or bankruptcy or dissolution of the Issuer or in the event of any proceedings as the result of which or in consequence of which the Issuer may be liquidated, dissolved or wound-up, the claims of the Noteholders arising in relation to the Notes and the Coupons are subordinated to the unsubordinated claims of all creditors of the Issuer so that payments in respect of the Notes and the Coupons shall only be made after all existing unsubordinated claims of creditors of the Issuer have been fully satisfied.

(3) No holder may set-off his claims arising under the Notes or the Coupons against claims of the Issuer. [Except for the Subordinated Guarantee (as defined in Condition ●), no] [No] security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the holders under the Notes and the Coupons.

[(3) Jeder effektiven Teilschuldverschreibung ist eine Anzahl von Zinsscheinen (die “Kupons”) angefügt, die die Anzahl der zum Zeitpunkt der Ausgabe der effektiven Zinszahlungen nicht übersteigt. [Jeder effektiven Teilschuldverschreibung sind ferner Zinserneuerungsscheine (“Talons”) angefügt, die in zusätzliche Kupons umgetauscht werden können.] Jede effektive Teilschuldverschreibung[,] [und] die Kupons [und die Talons] tragen die vervielfältigten Unterschriften von zwei [Vorstandsmitgliedern] [Mitgliedern des Board of Directors] der Emittentin. Die effektiven Teilschuldverschreibungen sind von einem Kontrollbeauftragten ● eigenhändig unterzeichnet.]⁽⁸⁾

[3] [(4)] [Bezugnahmen auf “Kupons” und “Zinsen” in diesen Anleihebedingungen sind auf die Teilschuldverschreibungen nicht anwendbar.

[4] [(5)]⁽⁹⁾ Bezugnahmen auf “Anleihegläubiger” bezeichnen die Inhaber der Teilschuldverschreibungen und die Inhaber der Kupons [einschließlich der Inhaber von Talons, soweit sich aus dem Zusammenhang nicht etwas anderes ergibt].

§2

Status der Teilschuldverschreibungen

(1) [Die Teilschuldverschreibungen und die Kupons stellen für alle Zwecke unmittelbare, unbesicherte, unbedingte und allgemeine Verbindlichkeiten der Emittentin dar und stehen im gleichen Rang mit allen ihren anderen ausstehenden, unbesicherten und nicht nachrangigen Verbindlichkeiten (mit Ausnahme bestimmter Verbindlichkeiten, denen nach Gesetz oder Satzung Vorrang zukommt).]⁽¹⁰⁾

[Die Teilschuldverschreibungen und die Kupons stellen für alle Zwecke unmittelbare, unbesicherte und allgemeine Verbindlichkeiten der Emittentin dar und stehen zumindest im gleichen Rang mit allen ihren anderen ausstehenden, unbesicherten und nachrangigen Verbindlichkeiten.

(2) Im Falle der Liquidation, des Konkurses oder der Auflösung der Emittentin oder im Falle eines Verfahrens, das die Liquidation oder die Auflösung der Emittentin zur Folge haben kann, stehen die Ansprüche der Anleihegläubiger in bezug auf die Teilschuldverschreibungen und die Kupons den nicht nachrangigen Ansprüchen aller Gläubiger der Emittentin nach. Demzufolge werden erst dann Zahlungen in bezug auf die Teilschuldverschreibungen und die Kupons geleistet, nachdem alle anderen bestehenden, nicht nachrangigen Ansprüche von Gläubigern der Emittentin vollständig erfüllt worden sind.

(3) Das Recht zur Aufrechnung mit Ansprüchen aus den Teilschuldverschreibungen oder den Kupons gegen Forderungen der Emittentin ist ausgeschlossen. Den Anleihegläubigern sind und werden zu keinem Zeitpunkt durch die Emittentin oder Dritte [mit Ausnahme der Nachrangigen Garantie (wie in § ● definiert)] Sicherheiten gleich welcher Art zur Sicherung ihrer Ansprüche aus den Teilschuldverschreibungen und den Kupons eingeräumt.

(8) For Tranches that provide for or permit the exchange of the Global Note for definitive Notes.

(9) For Tranches that are not exchangeable for definitive Notes and for zero coupon Notes.

(10) For Senior Notes.

(4) No subsequent agreement between the Issuer and the holders of the Notes may have the effect of limiting the provisions set out herein with regard to the subordination of the Notes or of shortening the designated maturity of the Notes. If the Notes are redeemed prior to their designated maturity, otherwise than in circumstances described in sub-paragraph (2) above or Condition 5(2), then the amount so redeemed must be returned to the Issuer irrespective of any agreement to the contrary, unless at the time of such redemption, the [Issuer] [Guarantor] shall have, to the extent required by law, replaced the capital (Haftendes Eigenkapital within the meaning of the German Federal Banking Law) created by the Notes with liable capital of at least equal ranking or the Financial Services Supervisory Authority shall have given its consent to the redemption.

(5) Holders of the Notes shall have no right upon default of any payment owing under the Notes or in the performance of any covenant of the Issuer or otherwise, to accelerate the maturity of their Notes.^[(11)]

[[(2)] [(6)]] Landesbank Schleswig-Holstein Girozentrale (the “Guarantor”) has given its unconditional guarantee (the “Guarantee”) for the due payment by the Issuer of all amounts due under the Notes. [The obligations of the Guarantor under the Guarantee will be subordinated to the same extent as the obligations of the Issuer under the Notes.]^[(12)] Copies of the form of the Guarantee are available for inspection at the specified offices of the Paying Agents.

§3

(Interest)

[(1) The Notes bear interest on their nominal amount shown on the face of this Note at the rate of ● per annum from (and including) ● Interest shall be payable ● in arrears on [●] [and ●] of each year (each a “Fixed Interest Date”) commencing on [●].

(2) The Notes shall cease to bear interest at the expiry of the day prior to the date on which they become due for redemption (which shall also apply if payment is made pursuant to §193 of the German Civil Code (*Bürgerliches Gesetzbuch*)), unless upon due presentation thereof payment of principal is, for any reason whatsoever, withheld or refused, in which event interest on the Notes shall continue to accrue until the date of actual redemption thereof but not beyond the fourteenth day after a publication has been made in accordance with Condition ● [Notices] to the effect that sufficient funds for such payment have been provided to the Issue Agent.

(11) For Subordinated Notes.

(12) For Subordinated Notes.

(4) Nachträgliche Vereinbarungen zwischen der Emittentin und den Anleihegläubigern mit der Wirkung, daß die in diesen Anleihebedingungen aufgeführten Bestimmungen in Bezug auf die Nachrangigkeit der Teilschuldverschreibungen beschränkt werden oder die festgesetzte Laufzeit der Teilschuldverschreibungen verkürzt wird, sind ausgeschlossen. Für den Fall einer vorzeitigen Rückzahlung der Teilschuldverschreibungen vor dem festgelegten Fälligkeitstermin (außer im Falle der in Absatz (2) oben oder §5(2) beschriebenen Umstände), ist dieser Betrag der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, es sei denn, daß zum Zeitpunkt der Rückzahlung die [Emittentin] [Garantin] das durch die Teilschuldverschreibungen geschaffene haftende Eigenkapital im Sinne des Kreditwesengesetzes, soweit rechtlich geboten, durch die Einzahlung zumindest gleichwertigen haftenden Eigenkapitals ersetzt hat oder die Bundesanstalt für Finanzdienstleistungsaufsicht der vorzeitigen Rückzahlung zugestimmt hat.

(5) Den Anleihegläubigern steht nicht das Recht zu, bei Nichtleistung einer unter den Teilschuldverschreibungen fälligen Zahlung oder bei Verletzung einer Verpflichtung der Emittentin oder aus sonstigen Gründen die Teilschuldverschreibungen vorzeitig fällig zu stellen.^[(11)]

[[(2)] [(6)]] Landesbank Schleswig-Holstein Girozentrale (die “Garantin”) hat die unbedingte und unwiderrufliche Garantie (die “Garantie”) für die ordnungsgemäße Erfüllung sämtlicher Zahlungsverpflichtungen der Emittentin aus den Teilschuldverschreibungen übernommen. [Die Verpflichtungen der Garantin unter der Garantie sind im gleichen Umfang nachrangig wie die Verbindlichkeiten der Emittentin unter den Teilschuldverschreibungen.]^[(12)] Die Form der Garantie liegt bei den angegebenen Geschäftsstellen der Zahlstellen zur Einsichtnahme aus.

§3

Zinsen

[(1) Die Teilschuldverschreibungen werden vom ● an (einschließlich) ● mit ●] per annum auf ihren auf der Vorderseite dieser Teilschuldverschreibung genannten Nennbetrag verzinst. Die Zinsen sind jeweils nachträglich am [●] [und ●] eines jeden Jahres (jeweils ein “Festzinstermine”) zur Zahlung fällig, erstmals am ●.

(2) Der Zinslauf der Teilschuldverschreibungen endet mit Ablauf des Tages, der dem Fälligkeitstermin zur Rückzahlung vorhergeht (und zwar auch dann, wenn die Zahlungen gemäß § 193 BGB erfolgen), es sei denn, daß bei ordnungsgemäßer Vorlage der Teilschuldverschreibungen Zinszahlungen aus irgendeinem Grund zurückgehalten oder abgelehnt werden. In diesem Fall fallen Zinsen auf die Teilschuldverschreibungen bis zu dem Tag ihrer tatsächlichen Rückzahlung an, aber nicht über den vierzehnten Tag nach Veröffentlichung einer Mitteilung gemäß § ● [Bekanntmachungen], daß die Emissionsstelle ausreichende Mittel für diese Zahlungen erhalten hat, hinaus.

(3) If interest is required to be calculated for a period ending other than on a Fixed Interest Date, such interest shall be calculated by applying the fixed interest rate to each denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the []⁽¹³⁾, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

[In these Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

[“Actual/Actual (ISMA)”, which means:

1. in the case of Notes where 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 (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
2. in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and

the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.]

[“30/360”, which means the number of days in the period from and including the most recent Fixed Interest 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.]

[“Determination Period” means the period from (and including) a Determination Date to, but excluding, the next Determination Date;

(3) Wenn Zinsen für einen nicht an einem Festzinstermi n endenden Zeitraum zu berechnen sind, erfolgt die Berechnung durch Anwendung des Festzinssatzes auf jede festgelegte Stückelung, Multiplikation dieser Summe mit dem anwendbaren Zinstagequotienten und Rundung des Ergebnisses auf die nächste Untereinheit der []⁽¹³⁾, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktkonvention erfolgt.

[In diesen Anleihebedingungen bedeutet

“Festzinstagequotient” in bezug auf die Berechnung eines Zinsbetrags für eine Festzinsperiode:

[“Actual/Actual (ISMA)”, d.h.

1. im Falle von Teilschuldverschreibungen, bei denen die Anzahl der Tage in der betreffenden Periode ab dem letzten Festzinstermi n (oder, wenn es keinen solchen gibt, ab dem ersten Zinslauf tag) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (die “Zinslaufperiode”) kurzer ist als die Feststellungsperiode oder ihr entspricht, die Anzahl der Tage in der betreffenden Zinslaufperiode geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermi ne (wie im Pricing Supplement angegeben) in einem Kalenderjahr; oder
2. im Falle von Teilschuldverschreibungen, bei denen die Zinslaufperiode länger ist als die Feststellungsperiode, in die das Ende der Zinslaufperiode fällt, die Summe

der Anzahl der Tage in der Zinslaufperiode, die in die Feststellungsperiode fallen, in welcher die Zinslaufperiode beginnt, geteilt durch das Produkt (x) der Anzahl der Tage in der Feststellungsperiode und (y) der Anzahl von Feststellungstermi nen (wie im Pricing Supplement angegeben) in einem Kalenderjahr; und

der Anzahl der Tage in der Zinslaufperiode, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (x) der Anzahl der Tage in dieser Feststellungsperiode und (y) der Anzahl von Feststellungstermi nen (wie im Pricing Supplement angegeben) in einem Kalenderjahr.]

[“30/360”, d.h. die Anzahl von Tagen in der Periode ab dem letzten Festzinstermi n (oder wenn es keinen solchen gibt, ab dem ersten Zinslauf tag) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (wobei die Zahl der Tage auf der Basis von 12 Monaten zu jeweils 30 Tagen berechnet wird), geteilt durch 360.]

[“Feststellungsperiode” die Periode ab einem Feststellungstermi n (einschließlich desselben) bis zum nächsten Feststellungstermi n (ausschließlich desselben)]

(13) Insert relevant currency.

(14) For Fixed Rate Notes.

“sub-unit” means [with respect to [●], the lowest amount of such currency that is available as legal tender in [●]] [one cent.]]⁽¹⁴⁾

[(1) *Interest Payment Dates.* The Notes bear interest on their nominal amount shown on the face of this Note from (and including) ● (the “Interest Commencement Date”). Interest shall be payable in arrear [on ● [and on ●] in each year (each an “Interest Payment Date”) (the period from and including the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, each being an “Interest Period”).]⁽¹⁵⁾ [on each date (each an “Interest Payment Date”) which falls ● [months] [●] (the “Interest Period”) after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date.]⁽¹⁶⁾

If (x) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be [in the case of (x) above, the last day that is a Business Day in the relevant month or, in the case of (y) above, be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of [months] [●] specified above, as Interest Period after the preceding Interest Payment Date]⁽¹⁷⁾ [postponed to the next day which is a Business Day]⁽¹⁸⁾ [postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day]⁽¹⁹⁾ [brought forward to the immediately preceding Business Day].⁽²⁰⁾

In this Condition, “Business Day” means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments in London and/or [●]; and

(B) [a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of [●] (if other than London and/or [●] and which, if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively)]⁽²¹⁾ [a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “TARGET System”) is open].

“Untereinheit” [in Bezug auf [●] den niedrigsten Betrag dieser Währung, der in [●] als gesetzliches Zahlungsmittel zur Verfügung steht] [einen Cent].]⁽¹⁴⁾

[(1) *Zinstermine.* Die Teilschuldverschreibungen werden vom ● an (einschließlich) (der “Zinsanfangstag”) zu ihrem auf der Vorderseite dieser Teilschuldverschreibung genannten Nennbetrag verzinst. Die Zinsen sind jeweils nachträglich [am [●] [und ●] eines jeden Jahres (jeweils ein “Zinstermin”) zur Zahlung fällig (wobei der Zeitraum vom Zinsanfangstag (einschließlich) bis zum nächsten Zinstermin (ausschließlich) und jeder nachfolgende Zeitraum von einem Zinstermin (einschließlich) bis zum nächsten Zinstermin (ausschließlich), jeweils eine “Zinsperiode” darstellt).]⁽¹⁵⁾ [an jedem Tag (jeweils ein “Zinstermin”), der ● [Monate][●](die “Zinsperiode”) nach dem vorhergehenden Zinstermin liegt, bzw., im Falle des ersten Zinstermins, nach dem Zinsanfangstag.]⁽¹⁶⁾

Falls (x) es keinen numerisch entsprechenden Tag in dem Kalendermonat, in den der Zinstermin fallen soll, gibt oder (y) ein Zinstermin ansonsten auf einen Tag, der kein Bankarbeitstag ist, fallen würde, so wird der Zinstermin [im Fall von (x) oben, auf den letzten Tag des betreffenden Monats, der ein Bankarbeitstag ist, oder, im Fall von (y) oben, auf den nächstfolgenden Bankarbeitstag verschoben, sofern dieser nicht in den nächsten Kalendermonat fällt. In diesem Fall (A) wird der Zinstermin auf den unmittelbar vorhergehenden Bankarbeitstag vorverlegt, und (B) gilt anschließend als Zinstermin jeweils der letzte Bankarbeitstag des Kalendermonats, der mit der angegebenen Zahl von [Monaten] [●] (wie oben als Zinsperiode bestimmt) dem Monat folgt, in den der vorhergehende Zinstermin gefallen ist]⁽¹⁷⁾ [auf den nächstfolgenden Bankarbeitstag verschoben]⁽¹⁸⁾ [auf den nächstfolgenden Bankarbeitstag verschoben, sofern dieser nicht in den nächsten Kalendermonat fällt. In diesem Fall wird der Zinstermin auf den unmittelbar vorhergehenden Bankarbeitstag vorverlegt]⁽¹⁹⁾ [auf den unmittelbar vorhergehenden Bankarbeitstag vorverlegt].⁽²⁰⁾

In dieser Bestimmung bedeutet “Geschäftstag” einen Tag, der beides ist:

(A) ein Tag, an dem Geschäftsbanken und Devisenmärkte in London und/oder [●] Zahlungen abwickeln; und

(B) [an dem Geschäftsbanken und Devisenmärkte Zahlungen in [●] (falls dies nicht London und/oder [●] ist, im Falle, daß die Währung der Australische oder Neuseeländische Dollar ist, Melbourne bzw. Wellington sein soll) abwickeln und für allgemeine Geschäfte (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind]⁽²¹⁾ [ein Tag, an dem das Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (das “TARGET System”) geöffnet ist].

(15) For Floating Rate Notes with express dates as Interest Payment Dates.

(16) For Floating Rate Notes without express dates as Interest Payment Dates.

(17) For Floating Rate Notes that use the Floating Rate Convention as specified in the Pricing Supplement.

(18) For Floating Rate Notes that use the Following Business Day Convention as specified in the Pricing Supplement.

(19) For Floating Rate Notes that use the Modified Following Business Day Convention as specified in the Pricing Supplement.

(20) For Floating Rate Notes that use the Preceding Business Day Convention as specified in the Pricing Supplement.

(21) Insert principal financial centre of the currency in which the Notes are denominated or payable and any location specified as an “Additional Business Centre” in the applicable Pricing Supplement.

(2) *Rate of Interest.* [The rate of interest for each Interest Period shall be [●][.][plus][minus] [●].⁽²²⁾ “Designated Maturity” means a period of ●, “Reset Date” means ●⁽²³⁾ and “London Banking Day” means any day on which commercial banks are open for business in London (including dealings in foreign exchange and foreign currency deposits).]⁽²⁴⁾ [The rate of interest for each Interest Period shall be [the offered quotation] [the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations], (expressed as a percentage rate per annum) for the Reference Rate which [appears] [appear] as at 11.00 a.m. [(London time)] [(Brussels time)] on the Interest Determination Date in question on the Relevant Screen Page [plus] [minus] [●].⁽²⁵⁾ [If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.] If the Relevant Screen Page is not available or if [no such offered quotation appears] [fewer than three such offered quotations appear] as at the time specified the Calculation Agent (as defined below) shall request the principal [London office] [Eurozone office] of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. [(London time)] [(Brussels time)] on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the rate of interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations [plus] [minus] [●].⁽²⁶⁾ all as determined by the Calculation Agent. If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such offered quotations, the rate of interest for such Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. [(London time)] [(Brussels time)] on the Interest Determination Date in question, deposits in ● for a period equal to that which would have been used for the Reference Rate by leading banks in the London interbank market [plus] [minus] [●].⁽²⁷⁾ or, if fewer than two of the Reference Banks provide the Calculation Agent with such rates, the offered rate for deposits in ● for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m.

(2) *Zinssatz.* Der Zinssatz für jede Zinsperiode beträgt [●][.][plus][minus] [●].⁽²²⁾ “Festgesetzte Laufzeit” bedeutet einen Zeitraum von [●], “Rücksetzungstermin” bezeichnet ●⁽²³⁾, und “Bankarbeitstag in London” bezeichnet einen Tag, an dem die Banken in London geöffnet sind (einschließlich für Devisenhandel und Fremdwährungseinlagen).]⁽²⁴⁾ [Der Zinssatz für jede Zinsperiode ist [der Angebotssatz][das arithmetische Mittel der Angebotssätze (gegebenenfalls gerundet auf die fünfte Dezimalstelle, wobei 0,000005 aufgerundet wird)] (ausgedrückt als Prozentsatz pro Jahr) für den Referenzzinssatz, [der] [die] um 11.00 Uhr vormittags [(Ortszeit London)] [(Ortszeit Brüssel)] am betreffenden Zinsfeststellungstag auf der Relevanten Bildschirmseite veröffentlicht [wird][werden] [plus][minus] [●].⁽²⁵⁾ [Wenn auf der Relevanten Bildschirmseite fünf oder mehr Angebotssätze erscheinen, so bleiben der höchste Satz (bzw., wenn der höchste Satz mehrfach erscheint, nur einer dieser Sätze) und der niedrigste Satz (bzw., wenn der niedrigste Satz mehrfach erscheint, nur einer dieser Sätze) zum Zwecke der Bestimmung des arithmetischen Mittels dieser Angebotssätze (das wie oben angegeben gerundet wird) außer Betracht.] Wenn die Relevante Bildschirmseite nicht erscheint, oder wenn zu der betreffenden Zeit [kein solcher Angebotssatz darauf erscheint] [weniger als drei solcher Angebotssätze darauf erscheinen], so wird die Berechnungsstelle (wie unten definiert) die [Londoner] [Eurozone] Hauptniederlassungen der Referenzbanken ersuchen, der Berechnungsstelle ihre Angebotssätze für den Referenzzinssatz (ausgedrückt als Prozentsatz pro Jahr) an dem betreffenden Zinsfestlegungstag um ungefähr 11.00 Uhr vormittags [(Londoner Zeit)] [(Ortszeit Brüssel)] zu nennen. Sofern zwei oder mehr Referenzbanken der Berechnungsstelle entsprechende Angebotssätze nennen, so entspricht der Zinssatz für die betreffende Zinsperiode dem arithmetischen Mittel dieser Angebotssätze (gegebenenfalls gerundet auf die fünfte Dezimalstelle, wobei 0,000005 aufgerundet wird) [plus] [minus] [●].⁽²⁶⁾ wie von der Berechnungsstelle bestimmt. Sofern an einem Zinsfestlegungstag nur eine oder gar keine der Referenzbanken der Berechnungsstelle entsprechende Angebotssätze nennen, so entspricht der Zinssatz für die betreffende Zinsperiode demjenigen Zinssatz, den die Berechnungsstelle als arithmetisches Mittel der Zinssätze (gegebenenfalls bis zur fünften Dezimalstelle gerundet, wobei 0,000005 aufgerundet wird), die der Berechnungsstelle (auf ihr Ersuchen hin) von den Referenzbanken bzw. zwei oder mehr der Referenzbanken übermittelt werden, bestimmt. Dabei handelt es sich um die Sätze, zu denen den betreffenden Banken gegen 11.00 Uhr vormittags [(Londoner Zeit)] [(Ortszeit Brüssel)] an dem Zinsfestlegungstag Einlagen in ● für einen Zeitraum, der von führenden Banken im [Londoner] Interbank-Markt [der Eurozone] für den Referenzzinssatz verwendet worden wäre, [plus] [minus] [●].⁽²⁷⁾ angeboten wurden,

(22) Insert the margin (if any) specified in the Pricing Supplement.

(23) The Reset Date is (i) if the applicable Floating Rate Option is based on the London Inter-bank offered rate (LIBOR) for a currency, the first day of the Interest Period or (ii) in any other case, the Reset Date specified in the Pricing Supplement.

(24) For Notes that use an ISDA Rate as specified in the Pricing Supplement (“ISDA Determination”). (Insert the relevant Floating Rate Option from the 2000 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes and as published by the International Swaps and derivatives Association.)

(25) Insert the margin (if any) specified in the Pricing Supplement.

(26) Insert the margin (if any) specified in the Pricing Supplement.

(27) Insert the margin (if any) specified in the Pricing Supplement.

[(London time)] [(Brussels time)] on the Interest Determination Date in question, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the [Euro-zone] [London] inter-bank market [plus] [minus] [●]⁽²⁸⁾, provided that, if the rate of interest cannot be determined in accordance with the foregoing provisions, the rate of interest shall be determined as at the last preceding Interest Determination Date. [“Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.] “Reference Rate” means ●, “Relevant Screen Page” means ●, “Interest Determination Date” means and “Reference Banks” means [those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page] [those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared].⁽²⁹⁾

[If the rate of interest in respect of any Interest Period determined in accordance with the above provisions is less than [●], the rate of interest for such Interest Period shall be ●.]⁽³⁰⁾

[If the rate of interest in respect of any Interest Period determined in accordance with the above provisions is greater than [●], the rate of interest for such Interest Period shall be ●.]⁽³¹⁾

(3) *Determination of Rate of Interest and Calculation of Interest Amounts.* [The Issuer has appointed ● (the “Calculation Agent”) as agent for the determination of the rate of interest and the calculation of the amounts of interest payable on the Notes pursuant to [a Calculation Agency Agreement] [the Agency Agreement relating to the Notes] dated ●, a copy of which is available for inspection at the specified offices of the Paying Agents. The Calculation Agent will, at or as soon as practicable after each time at which the rate of interest is to be determined, determine the rate of interest for the Interest Period in question and will calculate the amount of interest (the “Interest Amount”) payable on the Notes in respect of the denominations shown on the face of the Notes (each a “Denomination”) for the Interest Period in question. Each Interest Amount shall be calculated by applying the rate of interest to the denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the lowest recognised unit of account in the relevant currency, with a half of such lowest unit of account being rounded upwards or otherwise in accordance with applicable market convention.]

oder, wenn weniger als zwei Referenzbanken der Berechnungsstelle entsprechende Sätze übermitteln, um den Angebotszinssatz für Einlagen in ● für den Zeitraum, der für den Referenzzinssatz verwendet worden wäre, der von einer oder mehreren Banken (die nach Ansicht der Emittentin zu diesem Zweck geeignet sind) nach deren Auskunft gegenüber der Berechnungsstelle führenden Banken im [Londoner] Interbank-Markt [der Eurozone] genannt wird [plus] [minus] [●]⁽²⁸⁾. Sofern der Zinssatz nach Maßgabe der vorstehenden Bestimmungen nicht zu ermitteln ist, so findet der gleiche Zinssatz Anwendung wie derjenige an dem unmittelbar vorausgehenden Zinsfestlegungstag. [“Eurozone” ist die Region, die die Mitgliedsstaaten der Europäischen Union umfaßt, welche die einheitliche Währung gemäß dem Vertrag über die Errichtung der Europäischen Gemeinschaft, abgeändert durch den Vertrag über die Europäische Union, einführen.] “Referenzzinssatz” bedeutet [●], “Relevante Bildschirmseite” bedeutet ●, “Zinsfestlegungstag” bedeutet ● und “Referenzbanken” bedeutet [diejenigen Banken, deren Angebote herangezogen wurden, als entsprechende Angebote zuletzt auf der Relevanten Bildschirmseite erschienen] [diejenigen Banken, deren Angebotssätze zuletzt auf der Relevanten Bildschirmseite erschienen, als nicht weniger als drei solcher Angebotssätze erschienenen].⁽²⁹⁾

[Sollte der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz weniger als [●] betragen, so ist der Zinssatz für die Zinsperiode ●.]⁽³⁰⁾

[Sollte der für eine Zinsperiode in Übereinstimmung mit den obigen Bestimmungen ermittelte Zinssatz mehr als [●] betragen, so ist der Zinssatz für die Zinsperiode ●.]⁽³¹⁾

(3) *Feststellung des Zinssatzes und Berechnung der Zinsbeträge.* [Die Emittentin hat ● zur Berechnungsstelle (*Calculation Agent*) für die Feststellung des Zinssatzes und die Berechnung der auf die Teilschuldverschreibungen zahlbaren Zinsbeträge auf der Grundlage [eines Berechnungsstellenvertrages (*Calculation Agency Agreements*)] [des Emissions- und Zahlstellenvertrages (*Agency Agreements*)] für die Teilschuldverschreibungen] vom ● bestellt. Eine Kopie dieses Vertrages kann in den angegebenen Geschäftsstellen der Zahlstellen eingesehen werden. Die Berechnungsstelle wird zu jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, oder sobald wie möglich danach, den Zinssatz für die betreffende Zinsperiode bestimmen und den auf die Teilschuldverschreibungen zahlbaren Zinsbetrag (den “Zinsbetrag”) für die auf der Vorderseite abgedruckten Nennbeträge (jeweils, eine “Stückelung”) für die betreffende Zinsperiode berechnen. Jeder Zinsbetrag wird ermittelt, indem der für die betreffende Zinsperiode geltende Zinssatz auf die festgelegte Stückelung angewendet wird, diese Summe mit dem Zinstagequotienten multipliziert und der resultierende Betrag auf die kleinste anerkannte Rechnungseinheit der betreffenden Währung auf- oder abgerundet wird, wobei die Hälfte dieser kleinsten Rechnungseinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktkonvention erfolgt.]

(28) Insert the margin (if any) specified in the Pricing Supplement.

(29) For Notes that use a Screen rate as specified in the Pricing Supplement (“Screen Rate Determination”).

(30) For Notes that have a Minimum Interest Rate as specified in the Pricing Supplement.

(31) For Notes that have a Maximum Interest Rate as specified in the Pricing Supplement.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

[“Actual/365” or “Actual/Actual” which means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).]

[“Actual/365 (Fixed)” which means the actual number of days in the Interest Period divided by 365.]

[“Actual/360” which means the actual number of days in the Interest Period divided by 360.]

[“30/360”, “360/360” or “Bond Basis” which means the number of days in the Interest 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 (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest 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 (b) the last day of the Interest 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)).]

[“30E/360” or “Eurobond Basis” which means the number of days in the Interest 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 Interest period unless, in the case of an Interest Period ending on the maturity date, the maturity date 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)).]

(4) *Notification of Rate of Interest and Interest Amounts.* The Calculation Agent will cause the rate of interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the Notes are for the time being listed and notice thereof to be published in accordance with Condition ● [Notices] as soon as possible after their determination but in no event later than the fourth London Business Day (which means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the Notes are for the time being listed and to the Noteholders in accordance with Condition ● [Notices].

Zinstagequotient” in bezug auf die Berechnung eines Zinsbetrags für eine Zinsperiode bedeutet:

[“Actual/365” oder “Actual/Actual”, d.h. die tatsächliche Zahl der Tage der Zinsperiode dividiert durch 365 (oder, falls ein Teil der Zinsperiode in ein Schaltjahr fällt, die Summe (a) der tatsächlichen Zahl der Tage in dem Teil der Zinsperiode, der in ein Schaltjahr fällt, geteilt durch 366, und (b) der tatsächlichen Zahl der Tage in dem Teil der Zinsperiode, der in ein Jahr, das kein Schaltjahr ist, fällt, geteilt durch 365).]

[“Actual/365 (Fixed)”, d.h. die tatsächliche Zahl der Tage der Zinsperiode geteilt durch 365.]

[“Actual/360”, d.h. die tatsächliche Zahl der Tage der Zinsperiode geteilt durch 360.]

[“30/360”, “360/360” oder “Bond Basis”, d.h. die Zahl der Tage der Zinsperiode geteilt durch 360 (dabei ist die Zahl der Tage auf der Basis eines Jahres mit 360 Tagen, eingeteilt in 12 Monate zu jeweils 30 Tagen, zu berechnen (es sei denn, daß (a) der letzte Tag der Zinsperiode der 31. Tag eines Monats, der erste Tag der Zinsperiode jedoch nicht der 30. oder 31. Tag eines Monats ist, in welchem Fall der Monat, der diesen letzten Tag einschließt, als nicht auf einen Monat zu 30 Tagen verkürzt gilt, oder (b) der letzte Tag der Zinsperiode der letzte Tag des Monats Februar ist, in welchem Fall der Monat Februar als nicht auf einen Monat zu 30 Tagen verlängert gilt)).]

[“30E/360” oder “Eurobond Basis”, d.h. die Zahl der Tage der Zinsperiode geteilt durch 360 (dabei ist die Zahl der Tage auf der Basis eines Jahres mit 360 Tagen, eingeteilt in 12 Monate zu jeweils 30 Tagen, ohne Rücksicht auf das Datum des ersten Tags oder des letzten Tags der Zinsperiode zu berechnen, es sei denn, daß im Falle einer am Endfälligkeitstermin endenden Zinsperiode der Endfälligkeitstermin der letzte Tag des Monats Februar ist, in welchem Fall der Monat Februar als nicht auf einen Monat zu 30 Tagen verlängert gilt)).]

(4) *Veröffentlichung des Zinssatzes und der Zinsbeträge.* Die Berechnungsstelle wird dafür Sorge tragen, daß der Zinssatz und der Zinsbetrag für jede Zinsperiode sowie der entsprechende Zinstermin der Emittentin und jeder Wertpapierbörse, an der die Teilschuldverschreibungen notiert sind, mitgeteilt werden. Die Berechnungsstelle wird weiterhin Sorge dafür tragen, daß nach dieser Feststellung eine entsprechende Mitteilung gemäß § ● [Bekanntmachungen] so bald wie möglich, aber nicht später als am vierten Londoner Bankarbeitstag (womit ein Tag (ausgenommen Samstag und Sonntag), an dem Banken und Devisenmärkte in London geöffnet sind, gemeint ist) veröffentlicht wird. Der so veröffentlichte Zinsbetrag und der Zinstermin können nachträglich im Falle der Verlängerung oder Verkürzung der Zinsperiode ohne vorherige Mitteilung geändert (oder anderweitig entsprechend angepaßt) werden. Jede solche Änderung wird den Wertpapierbörsen, an denen die Teilschuldverschreibungen notiert sind, und den Anleihegläubigern gemäß § ● [Bekanntmachungen] unverzüglich mitgeteilt.

(5) *Certificates to be Final.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, [the Guarantor,] the Issue Agent, the other Paying Agents and the Noteholders and (in the absence as aforesaid) no liability to the Issuer [the Guarantor,] or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(6) *Accrual of Interest.* The Notes shall cease to bear interest at the expiry of the day prior to the date on which they become due for redemption (which shall also apply if payment is made pursuant to § 193 of the German Civil Code (*Bürgerliches Gesetzbuch*)) unless upon due presentation thereof payment of principal is, for any reason whatsoever, withheld or refused, in which event interest on the Notes shall continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of the Notes have been paid; and

(b) five days after the date on which the full amount of the moneys payable has been received by the Issue Agent and notice to that effect has been given in accordance with Condition ● [Notices]]⁽³²⁾

If the rate of interest from time to time in respect of Floating Rates Notes is specified in the applicable Pricing Supplement as being based as a reference rate other than the London Inter-bank offered rate, the rate of interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement and the Terms and Conditions will be amended accordingly.

§4

(Payments)

(1) *General.* The Issuer undertakes to pay, as and when due, principal and interest in respect of the Notes in the [lawful currency of ●]. [Payments of principal and interest shall be made, without it being permissible to require the execution of an affidavit or compliance with any other formality whatsoever (except for compliance with any tax, foreign exchange or other laws or regulations of the country in which the Paying Agent is located), at the specified office of a Paying Agent by transfer to an account in ●⁽³³⁾ maintained by the payee with, or by a cheque in such currency drawn on, a bank in ●.]⁽³⁴⁾ [Payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.] All payments will be subject to applicable fiscal or other laws and regulations.

(32) For Floating Rate Notes.

(33) Specify currency as shown on the Notes.

(34) For currencies other than euro.

(5) *Endgültigkeit der Bescheinigungen.* Bescheinigungen, Mitteilungen, Beurteilungen, Entscheidungen, Berechnungen, Gebote und Bestimmungen, die von der Berechnungsstelle im Zusammenhang mit diesem § 3 abgegeben, vorgenommen bzw. erhalten wurden, sind für die Emittentin, [die Garantin,] die Emissionsstelle, die anderen Zahlstellen und die Anleihegläubiger verbindlich, soweit nicht Vorsatz, Bösgläubigkeit oder ein offensichtlicher Irrtum vorliegt. Unter diesen Voraussetzungen trifft die Berechnungsstelle keine Haftung gegenüber der Emittentin[, der Garantin,] oder den Anleihegläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte, Pflichten und ihres Ermessens aufgrund dieser Bestimmungen.

(6) *Zinslauf.* Der Zinslauf der Teilschuldverschreibungen endet mit Ablauf des Tages, der dem Fälligkeitstermin zur Rückzahlung vorhergeht (und zwar auch dann, wenn die Zahlungen gemäß § 193 BGB erfolgen), es sei denn, daß bei ordnungsgemäßer Vorlage der Teilschuldverschreibungen Zinszahlungen aus irgendeinem Grund zurückgehalten oder abgelehnt werden. In diesem Fall fallen Zinsen auf die Teilschuldverschreibungen an bis

(a) zu dem Tag, an dem alle fälligen Beträge in Zusammenhang mit den Teilschuldverschreibungen gezahlt wurden; oder

(b) fünf Tage nach dem Tag, an dem sämtliche zahlbaren Beträge bei der Emissionsstelle eingegangen sind und dieser eine entsprechende Veröffentlichung gemäß § ● [Bekanntmachungen] gemacht hat, je nachdem, welcher Fall zuerst eintritt.]⁽³²⁾

§4

Zahlungen

(1) *Allgemeine Bestimmungen.* Die Emittentin verpflichtet sich, jeweils bei Fälligkeit Zahlungen auf das Kapital und die Zinsen der Teilschuldverschreibungen in [der gesetzlichen Währung von ●] zu leisten. [Zahlungen auf Kapital und Zinsen erfolgen, ohne daß die Abgabe einer förmlichen Erklärung oder die Erfüllung einer sonstigen Förmlichkeit (ausgenommen zur Beachtung etwaiger Steuer-, Devisen- oder sonstigen Vorschriften des Landes, in dem die Zahlstelle ansässig ist) verlangt werden darf, bei der angegebenen Geschäftsstelle einer Zahlstelle durch Überweisung auf ein ●⁽³³⁾ Konto des Zahlungsempfängers bei einer Bank in ● oder durch einen auf die entsprechende Währung lautenden, auf eine Bank in [●] gezogenen Scheck.]⁽³⁴⁾ [Zahlungen in Euro erfolgen durch Gutschrift oder Überweisung auf ein vom Zahlungsempfänger angegebenes Euro-Konto (oder ein anderes Konto, dem Euro gutgeschrieben oder auf das Euro überwiesen werden können).] Sämtliche Zahlungen unterliegen den anwendbaren Steuervorschriften und sonstigen Rechtsvorschriften.

(2) *Payments in respect of [Permanent] Global Note.* Payments of principal and interest in respect of Notes represented by a [Permanent] Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the [Permanent] Global Note against presentation or surrender, as the case may be, of the [Permanent] Global Note at the specified office of any Paying Agent. [A record of each payment made against presentation or surrender of the [Permanent] Global Note, distinguishing between any payment of principal and any payment of interest, will be made on the [Permanent] Global Note by or on behalf of the Issuer and such record shall be *prima facie* evidence that the payment in question has been made. The holder of the [Permanent] Global Note shall be the only person entitled to receive payments in respect of Notes represented by the [Permanent] Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of the [Permanent] Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by the [Permanent] Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of the [Permanent] Global Note. No person other than the holder of the [Permanent] Global Note shall have any claim against the Issuer in respect of any payments due on the [Permanent] Global Note.]⁽³⁵⁾

(3) *Presentation of Notes and Coupons.* Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in subparagraph (1) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. [Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(2) *Zahlungen in bezug auf [Dauerglobalurkunde] [Globalurkunde].* Zahlungen auf Kapital und Zinsen der Teilschuldverschreibungen, die durch eine [Dauerglobalurkunde] [Globalurkunde] verbrieft sind, werden, vorbehaltlich der unten aufgeführten Bestimmungen, in der oben für Zahlungen auf effektive Teilschuldverschreibungen angegebenen Weise und ansonsten in der in der [Dauerglobalurkunde] [Globalurkunde] angegebenen Weise gegen Vorlage oder Übergabe der [Dauerglobalurkunde] [Globalurkunde] in den angegebenen Geschäftsstellen der Zahlstellen vorgenommen. [Jede gegen Vorlage oder Übergabe der [Dauerglobalurkunde] [Globalurkunde] erfolgte Zahlung wird auf der [Dauerglobalurkunde] [Globalurkunde] von der oder für die Emittentin vermerkt, wobei Zahlungen auf das Kapital und Zahlungen von Zinsen zu unterscheiden sind. Dieser Vermerk gilt als *prima facie* Nachweis der betreffenden Zahlung. Der Inhaber der [Dauerglobalurkunde] [Globalurkunde] ist allein zum Empfang von Zahlungen in Zusammenhang mit den Teilschuldverschreibungen, die durch die [Dauerglobalurkunde] [Globalurkunde] verbrieft werden, berechtigt, und die Emittentin wird in Zusammenhang mit der Zahlung an den Inhaber der [Dauerglobalurkunde] [Globalurkunde] oder auf dessen Weisung von ihren Zahlungsverpflichtungen in Höhe des gezahlten Betrages befreit. Die bei Euroclear oder Clearstream, Luxembourg als Berechtigte geführten Inhaber eines bestimmten Nennbetrags von durch die [Dauerglobalurkunde] [Globalurkunde] verbrieften Teilschuldverschreibungen haben sich im Zusammenhang mit ihrem Anteil an Zahlungen der Emittentin an den Inhaber der [Dauerglobalurkunde] [Globalurkunde] oder auf dessen Weisung ausschließlich an Euroclear oder Clearstream, Luxembourg zu halten. Außer dem Inhaber der [Dauerglobalurkunde] [Globalurkunde] hat niemand irgendwelche Ansprüche in bezug auf fällige Zahlungen unter der [Dauerglobalurkunde] [Globalurkunde] gegen die Emittentin.]⁽³⁵⁾

(3) *Vorlage von Teilschuldverschreibungen und Kupons.* Zahlungen auf Kapital in bezug auf effektive Teilschuldverschreibungen werden (vorbehaltlich der unten aufgeführten Bestimmungen) in der oben in Absatz (1) beschriebenen Weise nur gegen Übergabe der effektiven Teilschuldverschreibungen, und Zahlungen von Zinsen in bezug auf effektive Teilschuldverschreibungen werden (vorbehaltlich der unten aufgeführten Bestimmungen) wie bereits angegeben nur gegen Übergabe der Kupons geleistet, und zwar jeweils bei der angegebenen Geschäftsstelle einer Zahlstelle außerhalb der Vereinigten Staaten. [Unbeschadet der vorhergehenden Bestimmung werden Zahlungen auf Kapital und Zinsen in U.S. Dollar in bezug auf die Teilschuldverschreibungen bei der angegebenen Geschäftsstelle der Zahlstelle in den Vereinigten Staaten von Amerika (einschließlich der Einzelstaaten, des Distrikts von Columbia, der zugehörigen Territorien und Besitzungen und der anderen Gebiete, die unter ihrer Hoheitsgewalt stehen) vorgenommen, falls

- (i) die Emittentin Zahlstellen mit Geschäftsstellen außerhalb der Vereinigten Staaten in der begründeten Erwartung bestellt hat, daß diese Zahlstellen in der Lage seien, fällige Zahlungen auf Kapital und Zinsen in U.S. Dollar in der oben beschriebenen Weise an diesen Geschäftsstellen vorzunehmen;

(35) For Notes that are deposited with a common depositary for Euroclear and Clearstream, Luxembourg.

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer adverse tax consequences to the Issuer.⁽³⁶⁾

[Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto [(which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons)], failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the payment. [Upon any Note becoming due and repayable prior to its designated maturity, all unmatured Talons (if any) appertaining thereto shall become void and no further Coupons shall be issued in respect thereof.]⁽³⁷⁾

[Upon the date on which any definitive Note becomes due and repayable, unmatured Coupons [and Talons] relating thereto (whether or not attached) shall become void and no payment [or, as the case may be, exchange for further Coupons] shall be made in respect thereof.]⁽³⁸⁾

(4) *Payment Day.* If the date for payment of any amount in respect of any Note or Coupon is not a day on which commercial banks and foreign exchange markets settle payments in [London, [●]], the relevant place of presentation and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of ● (if other than the place of presentation, [●]) and London and which, if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively)⁽³⁹⁾ [a day on which the TARGET system is open] (a “Payment Day”), the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or any other payment in respect of such delay.

- (ii) Zahlungen von Kapital und Zinsen an allen diesen angegebenen Geschäftsstellen außerhalb der Vereinigten Staaten rechtswidrig oder auf grund von Devisenbeschränkungen oder sonstigen Beschränkungen ähnlicher Art bezüglich der vollständigen Zahlung oder des vollständigen Erhalts von Kapital und Zinsen in U.S. Dollar nicht möglich sind; und

- (iii) nach Auffassung der Emittentin solche Zahlungen nach dem Recht der Vereinigten Staaten zu dem betreffenden Zeitpunkt ohne nachteilige Steuerauswirkungen auf die Emittentin zulässig sind.⁽³⁶⁾

[Effektive Teilschuldverschreibungen sollten mit allen dazugehörigen noch nicht fälligen Kupons zur Zahlung vorgelegt werden. Der Betrag fehlender, noch nicht fälliger Kupons wird von der Zahlung abgezogen (oder, falls eine Zahlung nicht vollständig erfolgt, derjenige Anteil des Betrages dieser fehlenden, noch nicht fälligen Kupons, der dem Anteil des so gezahlten Betrages an dem insgesamt fälligen Betrag entspricht). Im Sinne dieser Bestimmung umfasst die Bezeichnung “Kupons” auch die zum Austausch für abgelaufene Talons ausgegebenen Kupons. [Sollte eine Teilschuldverschreibung vor Ablauf ihrer festgesetzten Laufzeit fällig und zahlbar werden, so werden alle dazugehörigen bis dahin gegebenenfalls noch nicht fälligen Talons ungültig, und es werden für diese keine weiteren Kupons mehr ausgegeben.]⁽³⁷⁾

[An dem Tag, an dem eine effektive Teilschuldverschreibung fällig und zahlbar wird, verlieren die dazugehörigen noch nicht fälligen Kupons [und Talons], unabhängig davon, ob sie der Teilschuldverschreibung beigelegt sind oder nicht, ihre Gültigkeit, und es werden keine Zahlungen [bzw. kein Austausch gegen weitere Kupons] in diesem Zusammenhang mehr vorgenommen.]⁽³⁸⁾

(4) *Zahlungstag.* Sollte der Tag der Zahlung von Beträgen in Zusammenhang mit einer Teilschuldverschreibung oder einem Kupon (der “Zahlungstag”) ein Tag sein, an dem Banken und Devisenmärkte [in London, [●]], an dem entsprechenden Ort der Vorlegung und an dem Geschäftsbanken und Devisenmärkte Zahlungen in dem Hauptfinanzzentrum von ● (falls dies nicht der Ort der Einreichung, [●], oder London ist, und im Falle, daß die festgelegte Währung der Australische oder Neuseeländische Dollar ist, Melbourne bzw. Wellington sein soll) abwickeln und für allgemeine Geschäfte (einschließlich des Handels in Devisen und Fremdwährungseinlagen)⁽³⁹⁾ [und das TARGET System] nicht geöffnet sind, so hat der Inhaber der Teilschuldverschreibung bzw. des Kupons bis zum nächsten Zahlungstag kein Recht auf Zahlung und hat zudem aufgrund dieser Verschiebung keinen Anspruch auf weitere Zinsen oder irgendwelche anderen Zahlungen.

(36) For Notes that are denominated in U.S. dollars or under which amounts may be payable in U.S. dollars..

(37) For Fixed Rate Notes.

(38) For Floating Rate Notes.

(39) For payments in a currency other than euro.

(5) *Paying Agents.*

- (a) The Paying Agents are listed below and their specified offices are their respective principal offices in the cities mentioned below:

[●
Deutsche Bank AG London]
(the “Issue Agent”)
[Deutsche Bank Luxembourg S.A.,
Luxembourg
●] (together the “Paying Agents” (which
term includes the Issue Agent))

- (b) The Paying Agents are acting exclusively as agents of the Issuer and do not have any relationship of agency or trust with the Noteholders. The Issue Agent shall be released from the restrictions set forth in §181 of the German Civil Code (*Bürgerliches Gesetzbuch*).
- (c) Neither the Issuer nor any Paying Agent shall be obliged to examine the title of any person presenting definitive Notes or Coupons.
- (d) The Issuer agrees that, for so long as any Note is outstanding or until moneys for the payments of amounts in respect of all outstanding Notes have been deposited as provided in sub-paragraph (6) below:
- (i) so long as any Notes are listed on ● stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of such stock exchange; and
- (ii) there will at all times be a Paying Agent with a specified office in a city in a country in western continental Europe which is not a member of the European Community; and
- (iii) there will at all times be an Issue Agent; and
- (iv) in the event that any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to deduct or withhold tax pursuant to any such Directive or law, to the extent this is possible in a Member State of the European Union.

(5) *Zahlstellen.*

- (a) Im folgenden sind die Zahlstellen und ihre jeweiligen Geschäftsstellen aufgeführt, die der jeweiligen Hauptniederlassung in den unten genannten Städten entsprechen:

[●
Deutsche Bank AG London]
(die “Emissionsstelle”)
[Deutsche Bank Luxembourg S.A.,
Luxembourg
●] (zusammen, die “Zahlstellen” (wobei
diese Definition auch die Emissionsstelle
miteinschließt))

- (b) Die Zahlstellen sind ausschließlich als Vertreter der Emittentin tätig und nicht durch ein Erfüllungsgehilfen- oder Treuhandverhältnis mit den Anleihegläubigern verbunden. Die Emissionsstelle ist von den Beschränkungen des § 181 BGB befreit.
- (c) Weder die Emittentin noch die Zahlstellen sind verpflichtet, die Berechtigung einer Person, die effektive Teilschuldverschreibungen oder Kupons vorlegt, zu prüfen.
- (d) Solange noch Teilschuldverschreibungen ausstehen oder bis die für die Zahlung von Beträgen in Zusammenhang mit allen ausstehenden Teilschuldverschreibungen erforderlichen Mittel wie in Absatz (6) unten bestimmt hinterlegt sind, verpflichtet sich die Emittentin, daß sie:
- (i) Solange die Teilschuldverschreibungen an der ● Wertpapierbörse notiert sind, eine Zahlstelle mit dortiger Geschäftsstelle unterhalten wird, wie es das Regelwerk dieser Wertpapierbörse verlangen kann; und
- (ii) zu allen Zeiten eine Zahlstelle mit Geschäftsstelle in einer Stadt in einem Land im westlichen Kontinentaleuropa unterhalten wird, welches nicht der Europäischen Gemeinschaft angehört; und
- (iii) zu allen Zeiten eine Emissionsstelle unterhalten wird; und
- (iv) sollte eine Richtlinie der Europäischen Union zur Umsetzung der Schlußfolgerungen des Treffens des ECOFIN-Rates vom 26.-27. November 2000 oder eine Rechtsnorm, die zur Umsetzung einer solchen Richtlinie vorgesehen ist, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird, ergehen, verpflichtet sich die Emittentin, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union zu unterhalten, welche nicht zur Vornahme von steuerlichen Einbehalten oder Abzügen nach Maßgabe einer solchen Richtlinie oder Rechtsnorm verpflichtet ist, soweit dies in einem Mitgliedstaat der Europäischen Union möglich ist.

[In addition, the Issuer shall appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(3)].⁽⁴⁰⁾ Any variation, termination, appointment or other change shall only take effect (other than in case of insolvency (as provided in below), when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition ● [Notices].

The Issue Agent may at any time resign as Issue Agent by giving at least 90 days' written notice to the Issuer of such intention on its part, specifying the date on which its desired resignation shall become effective. The Issue Agent may be removed at any time by the Issuer on at least 45 days' notice specifying such removal and the date when it shall become effective. In case at any time the Issue Agent resigns, or is removed, or becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor Issue Agent, which shall be a reputable financial institution of good standing may be appointed by the Issuer. Upon the appointment as aforesaid of a successor Issue Agent and acceptance by the latter of such appointment and (other than in case of insolvency of the Issue Agent when it shall be of immediate effect) upon expiry of the notice to be given to the Noteholders as provided below the Issue Agent so superseded shall cease to be the Issue Agent hereunder.

Any resignation or removal shall only take effect upon the appointment by the Issuer as hereinafter provided, of a successor Issue Agent and (other than in case of insolvency of the Issue Agent) on the expiry of the notice to be given to the Noteholders as provided below. If, by the day falling ten days before the expiry of any notice of resignation by the Issue Agent, the Issuer has not appointed a successor Issue Agent, then the Issue Agent shall be entitled, on behalf of the Issuer, to appoint as a successor Issue Agent in its place a reputable financial institution of good standing.

[Zusätzlich wird die Emittentin unter den in § 4(3) beschriebenen Umständen eine Zahlstelle mit Geschäftsstelle in der Stadt New York bestellen.]⁽⁴⁰⁾ Abänderungen, Beendigungen, Bestellungen oder sonstige Änderungen im Hinblick auf Zahlstellen werden nur nach einer entsprechenden Bekanntmachung an die Anleihegläubiger gemäß § [●] [Bekanntmachungen] mit einer Frist von nicht weniger als 30 Tagen und nicht mehr als 45 Tagen wirksam (ausgenommen im Falle der Insolvenz (wie unten bestimmt), bei dem solche Abänderungen, Beendigungen, Bestellungen oder sonstige Änderungen unverzüglich wirksam werden).

Die Emissionsstelle kann jederzeit unter Einhaltung einer Frist von mindestens 90 Tagen ihr Amt als Emissionsstelle schriftlich beenden, wobei sie das Datum anzugeben hat, an dem die Beendigung wirksam werden soll. Die Emissionsstelle kann jederzeit von der Emittentin unter Einhaltung einer Kündigungsfrist von mindestens 45 Tagen unter Angabe des Datums, an dem die Abberufung wirksam werden soll, abberufen werden. Wenn die Emissionsstelle von ihrem Amt zurücktritt oder abberufen oder handlungsunfähig wird, ihr Konkurs oder ihre Zahlungsunfähigkeit gerichtlich festgestellt wird oder sie freiwillig die Einleitung eines Konkursverfahrens beantragt oder Abtretungen zugunsten von Gläubigern vornimmt oder der Ernennung eines Verwalters, Liquidators oder eines Konkursverwalters für ihr gesamtes oder einen erheblichen Teil ihres Vermögens zustimmt oder schriftlich zugibt, daß sie ihre fälligen Verpflichtungen nicht erfüllen kann oder deren Erfüllung aussetzt, oder wenn ein Gericht einem Antrag auf Einleitung eines Verfahrens nach den Bestimmungen anwendbaren Insolvenzrechts stattgibt, oder wenn ein Konkursverwalter für ihr gesamtes oder einen erheblichen Teil ihres Vermögens ernannt wird, oder wenn eine öffentlich bestellte Person die Verantwortung oder Kontrolle für sie oder ihr Vermögen oder ihre Geschäfte zum Zwecke der Wiederherstellung oder Erhaltung ihrer Zahlungsfähigkeit oder ihrer Liquidation übernimmt, so wird die Emittentin eine neue Emissionsstelle bestellen, die ein angesehenes Finanzinstitut mit gutem Ruf sein muß. Nach Bestellung der neuen Emissionsstelle und deren Annahme dieser Bestellung und nach Ablauf der Bekanntmachungsfrist an die Anleihegläubiger wie unten bestimmt (ausgenommen im Falle der Insolvenz der Emissionsstelle, in welchem Fall die Bestellung unverzüglich wirksam wird), endet das Amt der abberufenen Emissionsstelle als Emissionsstelle nach diesen Anleihebedingungen.

Der Rücktritt oder die Abberufung wird erst mit der Bestellung einer neuen Emissionsstelle durch die Emittentin und mit Ablauf der Bekanntmachungsfrist an die Anleihegläubiger nach Maßgabe der nachstehenden Bestimmungen wirksam (ausgenommen im Falle der Insolvenz der Emissionsstelle, in welchem Fall der Rücktritt oder die Abberufung unverzüglich wirksam wird). Falls die Emittentin zehn Tage vor Ablauf der Bekanntmachungsfrist über einen Rücktritt der Emissionsstelle noch keine neue Emissionsstelle bestellt hat, ist die Emissionsstelle berechtigt, im Namen der Emittentin eine Nachfolgerin zu bestellen, die ein angesehenes Finanzinstitut mit gutem Ruf sein muß.

(40) For Notes that are denominated in U.S. dollars or under which payments may be payable in U.S. dollars.

The Issuer may, after prior consultation with the Issue Agent, terminate the appointment of any of the other Paying Agents at any time and/or appoint one or more further other Paying Agents by giving to the Issue Agent and to the relevant other Paying Agent at least 45 days' notice in writing to that effect (other than in case of insolvency of the other Paying Agent).

Any of the Paying Agents may resign its appointment at any time by giving the Issuer and the Issue Agent not less than 30 nor more than 45 days' written notice to that effect.

Notice of any resignation, removal, termination, appointment or other change with respect to the Issue Agent or any other Paying Agent shall be published in accordance with Condition ● [Notices].

(6) *Deposit of Unclaimed Amounts.* The Issuer may deposit with the local court (Amtsgericht) in Kiel principal and interest not claimed by Noteholders within twelve months after the due date thereof. To the extent that the right to withdraw such deposit is waived, the relevant claims of the Noteholders against the Issuer shall cease.

(7) *Interpretation of Principal and Interest.* Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect thereof under Condition 6.

§5

(Redemption and Purchase)

(1) *At Maturity.* Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at [its principal amount] [●] on ●.

(2) *Redemption for Tax Reasons.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, [at any time]⁽⁴¹⁾ [on any Interest Payment Date]⁽⁴²⁾, on giving not less than 30 nor more than 60 days' notice to the Issue Agent and, in accordance with Condition ● [Notices], the Noteholders (which notice shall be irrevocable), if

- (i) on the occasion of the next payment due under the Notes, [either] the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6(2) [or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts] as a result of any change in, or amendment to, the laws or regulations of [the Netherlands or] the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after ●⁽⁴³⁾; and

Die Emittentin kann, nach vorheriger Abstimmung mit der Emissionsstelle und unter Einhaltung einer Frist von nicht weniger als 45 Tagen, durch schriftliche Mitteilung an die Emissionsstelle und die betreffende andere Zahlstelle das Amt der anderen Zahlstelle jederzeit beenden bzw. eine oder mehrere weitere Zahlstellen bestimmen. Im Falle der Insolvenz der anderen Zahlstelle bedarf es der Einhaltung dieser Frist nicht.

Eine Zahlstelle kann jederzeit unter Einhaltung einer Frist von nicht weniger als 30 Tagen und nicht mehr als 45 Tagen durch schriftliche Mitteilung an die Emittentin und die Emissionsstelle von ihrem Amt zurücktreten.

Mitteilungen über Rücktritt, Abberufung, Beendigung, Bestellung oder andere Änderungen hinsichtlich der Emissionsstelle oder der anderen Zahlstellen sind gemäß § ● [Bekanntmachungen] bekanntzumachen.

(6) *Hinterlegung nicht eingeforderter Beträge.* Die Emittentin kann die von den Anleihegläubigern nicht innerhalb von zwölf Monaten nach Fälligkeit eingeforderten Kapital- und Zinsbeträge beim Amtsgericht in Kiel hinterlegen. Soweit auf das Recht zur Rücknahme des hinterlegten Betrages verzichtet wird, erlöschen die entsprechenden Ansprüche der Anleihegläubiger gegen die Emittentin.

(7) *Interpretation von "Kapital" und "Zinsen".* Bezugnahmen in diesen Anleihebedingungen auf Kapital und Zinsen in Zusammenhang mit den Teilschuldverschreibungen schließen, falls anwendbar, auch etwaige zusätzliche Beträge ein, die insoweit gemäß § 6 zahlbar sein können.

§5

Rückzahlung und Rückkauf

(1) *Bei Fälligkeit.* Sofern die Teilschuldverschreibungen nicht vorzeitig zurückgezahlt oder zurückgekauft und ungültig gemacht worden sind, werden die Teilschuldverschreibungen von der Emittentin am ● [zum Nennwert] [●] zurückgezahlt.

(2) *Rückzahlung aus Steuergründen.* Die Emittentin ist berechtigt, die Teilschuldverschreibungen nach ihrer Wahl insgesamt, nicht jedoch teilweise, [jederzeit]⁽⁴¹⁾ [zu einem Zinstermin]⁽⁴²⁾ unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Emissionsstelle und nach Maßgabe von § ● [Bekanntmachungen] gegenüber den Anleihegläubigern zu kündigen (wobei diese Kündigung unwiderruflich ist), sofern

- (i) die Emittentin bei der nächsten Zahlung auf die Teilschuldverschreibungen verpflichtet ist oder sein wird [oder die Garantin aus außerhalb ihres Einflussesbereiches liegenden Gründen nicht in der Lage sein sollte, Zahlung durch die Emittentin zu veranlassen, und im Falle der Zahlung durch sie selbst verpflichtet wäre], zusätzliche Beträge wie in § 6(2) bestimmt oder vorgesehen zu zahlen, als Folge von Änderungen der Rechtsvorschriften der [Niederlande oder der] Bundesrepublik Deutschland oder einer zur Erhebung von Abgaben befugten politischen Untergliederung oder Behörde von oder in [den Niederlanden oder] der Bundesrepublik Deutschland, oder von Änderungen in der Anwendung oder amtlichen Auslegung solcher Rechtsvorschriften, sofern die Änderung am oder nach dem ●⁽⁴³⁾ wirksam wird, und

(41) For Fixed Rate Notes.

(42) For Floating Rate Notes.

(43) Insert the Issue Date of the first Tranche of the Notes.

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer [or the Guarantor] would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer [or the Guarantor] shall deliver to the Issue Agent a certificate signed by two members of the [board of [management] [directors] of the Issuer] [board of management of the Guarantor] stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer [or the Guarantor] has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition will be redeemed at their [principal amount] [Early Redemption Amount referred to in sub-paragraph [3] [4] [5]] below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

[(3) *Redemption at the Option of the Issuer.* The Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition ● [Notices] (which notices shall be irrevocable), redeem [all] [or] [some only] of the Notes then outstanding on ● (the "Optional Redemption Date") at [their principal amount] [the amount of ●] together (if appropriate) with interest accrued to (but excluding) the Optional Redemption Date. [Any such redemption must be of a nominal amount of Notes [at least] equal to ● .] [In the case of a partial redemption of the Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of [Clearstream, Frankfurt] [Euroclear and/or Clearstream, Luxembourg], in the case of Redeemed Notes represented by a [Permanent] Global Note, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition ● [Notices] not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes out-standing bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the denomination shown on the Notes, and the aggregate nominal amount of Redeemed Notes represented by a [Permanent] Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the [Permanent] Global Note will be permitted during the period from and including the Selection Date to and including the date

- (ii) eine derartige Verpflichtung seitens der Emittentin nicht durch angemessene Maßnahmen vermieden werden kann,

vorausgesetzt, daß eine solche Kündigungserklärung nicht früher als 90 Tage vor dem Tag abgegeben werden kann, an dem die Emittentin [oder die Garantin] erstmals verpflichtet wäre, derartige zusätzliche Beträge zu zahlen, wenn zu diesem Zeitpunkt eine Zahlung auf die Teilschuldverschreibungen fällig wäre. Bevor die Emittentin eine Kündigungserklärung nach Maßgabe dieser Bestimmung abgibt, hat sie [oder die Garantin] der Emissionsstelle eine von zwei ihrer [Vorstandsmitglieder] [Mitglieder des Board of Directors] unterzeichnete Erklärung zu übermitteln, aus der hervorgeht, daß die Emittentin zu einer derartigen Kündigung berechtigt ist, und in der die tatsächlichen Grundlagen dargelegt sind, aus denen sich die Erfüllung der Voraussetzungen für das Kündigungsrecht der Emittentin ergibt. Dieser Erklärung hat die Emittentin ein Rechtsgutachten unabhängiger Rechtsberater von allgemein anerkannter Reputation beizufügen, aus dem sich ergibt, daß die Emittentin [oder die Garantin] zur Zahlung solcher zusätzlicher Beträge als Folge von Änderungen von Rechtsvorschriften bzw. deren Anwendung oder amtlichen Auslegung verpflichtet ist oder sein wird.

Die nach diesem § 5 gekündigten Teilschuldverschreibungen werden [zu ihrem Nennwert] [dem Vorzeitigen Rückzahlungsbetrag gemäß Absatz [3] [4] [5]] unten, zuzüglich (soweit anwendbar) aufgelaufener Zinsen bis zum Rückzahlungsdatum (ausschließlich) zurückgezahlt.

[(3) *Rückzahlung nach Wahl der Emittentin.* Die Emittentin ist berechtigt, die Teilschuldverschreibungen [insgesamt][oder][zum Teil] unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber den Anleihegläubigern gemäß § ● [Bekanntmachungen] zum ● (dem "Wahlrückzahlungstag") zu kündigen, wobei diese Kündigung unwiderruflich ist. Die Rückzahlung erfolgt [zum Nennwert der Teilschuldverschreibungen] [zu einem Betrag von ●], zuzüglich (soweit anwendbar) aufgelaufener Zinsen bis zum Wahlrückzahlungstag (ausschließlich).] [Eine solche Kündigung muß sich [zumindest] auf Teilschuldverschreibungen im Nennbetrag von ● beziehen]. [Im Fall einer nur teilweisen Rückzahlung der Teilschuldverschreibungen werden die gekündigten Teilschuldverschreibungen (die "Gekündigten Teilschuldverschreibungen"), im Fall von Gekündigten Teilschuldverschreibungen, die durch effektive Teilschuldverschreibungen repräsentiert werden, durch Los bzw. im Fall von Teilschuldverschreibungen, die in Form einer [Dauerglobalurkunde] [Globalurkunde] verbrieft sind, nach Maßgabe der Regeln [von Clearstream, Frankfurt] [von Euroclear bzw. Clearstream, Luxembourg] ausgewählt, und zwar nicht mehr als 60 Tage vor dem festgelegten Rückzahlungsdatum (der Tag der Auswahl wird nachstehend als "Auswahltag" bezeichnet). Im Fall von Gekündigten Teilschuldverschreibungen in Form von effektiven Teilschuldverschreibungen wird eine Liste mit den laufenden Nummern der Gekündigten Teilschuldverschreibungen nicht weniger als 30 Tage vor dem für die Rückzahlung festgelegten Datum gemäß § ● [Bekanntmachungen] bekanntgemacht. Der Gesamtnennbetrag der Gekündigten Teilschuldverschreibungen in Form von effektiven Teilschuldverschreibungen hat im gleichen Verhältnis zu dem Gesamtnennbetrag aller Gekündigten Teilschuldverschreibungen zu stehen wie der Gesamtnennbetrag der ausstehenden effektiven

fixed for redemption pursuant to this sub-paragraph and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition ● [Notices] at least 15 days prior to the Selection Date.]]⁽⁴⁴⁾

[[(4)] [(●)] *Redemption at the Option of the Noteholders.* Upon the holder of any Note giving to the Issue Agent not less than [30] [●] nor more than [60] [●] days' notice by the delivery of a duly completed and signed notice of exercise in the form obtainable from the specified office of any Paying Agent (a "Put Notice") in which the holder must specify a bank account or (if payment is by cheque, an address) to which payment is to be made under this Condition. The Issuer will, upon the expiry of such notice, redeem in whole (but not in part), such Note on ● (the "Optional Redemption Date") together (if appropriate) with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is held through Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of this Note the holder must, within the notice period, give notice to the Issue Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Issue Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and at the same time present or procure the presentation of the relevant Global Note to the Issue Agent for notation accordingly.

If the Note to be redeemed is represented by a [Permanent] Global Note, to exercise the right to require redemption of such Note the holder of such Note must transfer such Note to the account [of] [designated by] the Issue Agent at [Clearstream, Frankfurt] [Euroclear] [or] [Clearstream, Luxembourg] prior to the expiry of the notice.

If the Note to be redeemed is a definitive Note, to exercise the right to require redemption of this Note the holder of such Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent prior to the expiry of the notice.

Teilschuldverschreibungen zu dem Gesamtnennbetrag aller ausstehenden Teilschuldverschreibungen, jeweils bezogen auf den Auswahltag. Dies gilt mit der Maßgabe, daß der Nennbetrag der Gekündigten Teilschuldverschreibungen, soweit erforderlich, auf das nächste integrale Mehrfache des auf den Teilschuldverschreibungen angegebenen Nennbetrages abgerundet wird, und der Gesamtnennbetrag der Gekündigten Teilschuldverschreibungen, die durch eine [Dauerglobalurkunde] [Globalurkunde] verbrieft sind, dem verbleibenden Gesamtnennbetrag der Gekündigten Teilschuldverschreibungen entsprechen soll. Ein Umtausch der [Dauerglobalurkunde] [Globalurkunde] ist während des Zeitraumes vom Auswahltag (einschließlich) bis zum nach Maßgabe dieses Absatzes bestimmten Rückzahlungstag nicht zulässig; dies ist den Anleihegläubigern durch die Emittentin mindestens 15 Tage vor dem Auswahltag gemäß § ● [Bekanntmachungen] mitzuteilen.⁽⁴⁴⁾

[[(4)] [(●)] *Rückzahlung nach Wahl der Anleihegläubiger.* Jeder Anleihegläubiger kann seine Teilschuldverschreibung unter Einhaltung einer Kündigungsfrist von nicht weniger als [30] [●] und nicht mehr als [60] [●] Tagen gegenüber der Emissionsstelle kündigen. Zu diesem Zweck hat der Anleihegläubiger ein bei einer Zahlstelle erhältlich Formular ordnungsgemäß ausgefüllt und unterzeichnet (eine "Put-Ausübungserklärung"), in der der Anleihegläubiger ein Bankkonto oder (wenn die Zahlung durch Scheck folgen soll) eine Adresse für die Zahlung nach diesem Absatz anzugeben hat, bei der Emissionsstelle einzureichen. Die Emittentin wird nach Ablauf der Kündigungsfrist die gekündigte Teilschuldverschreibung insgesamt (aber nicht teilweise) am ● (dem "Wahlrückzahlungstag") zurückzahlen, zuzüglich (soweit anwendbar) aufgelaufener Zinsen bis zum Wahlrückzahlungstag (ausschließlich).

Um das Recht, Rückzahlung verlangen zu können, auszuüben, muß der Gläubiger dann, wenn die Anleihe über Euroclear oder Clearstream, Luxembourg gehalten wird, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und Clearstream, Luxembourg in einer für Euroclear und Clearstream, Luxembourg im Einzelfall akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, daß die Emissionsstelle auf Weisung des Gläubigers von Euroclear oder Clearstream, Luxembourg oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird). Weiterhin ist für die Rechtsausübung erforderlich, daß zur Vornahme entsprechender Vermerke der Gläubiger im Einzelfall die Globalurkunde der Emissionsstelle vorlegt bzw. die Vorlegung der Globalurkunde veranlaßt.

Wenn die gekündigte Teilschuldverschreibung durch eine [Dauerglobalurkunde] [Globalurkunde] verbrieft ist, so muß der Anleihegläubiger zur Ausübung seines Rechtes auf Rückzahlung vor dem Ablauf der Kündigungsfrist diese Teilschuldverschreibung auf das [Konto der Emissionsstelle] [das von der Emissionsstelle bestimmte Konto bei [Clearstream, Frankfurt] [Euroclear] [oder] [Clearstream, Luxembourg] übertragen.

Im Fall effektiver Teilschuldverschreibungen hat der Anleihegläubiger bei Ausübung seines Kündigungsrechts die entsprechenden Stücke vor Ablauf der Kündigungsfrist bei der angegebenen Geschäftsstelle einer Zahlstelle während deren üblicher Geschäftsstunden einzureichen.

(44) For Notes that provide for redemption at the option of the Issuer as specified in the applicable Pricing Supplement.

Any Put Notice given by a holder of a Note shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issue Agent to withdraw its Put Notice and instead to declare such Note forthwith due and payable pursuant to Condition ● [Events of Default]⁽⁴⁵⁾

[[(5)] [(●)] *Early Redemption Amount*. For the purpose of sub-paragraph (2) above [and Condition ● [Events of Default]]⁽⁴⁶⁾, the Notes will be redeemed at an amount (the “Amortised Face Amount”) equal to the sum of (A) the Reference Price of the Notes and (B) the product of the Accrual Yield (compounded

annually) being applied to the Reference Price from (and including) the ●⁽⁴⁷⁾ (but excluding) the date fixed for redemption [or (as the case may be) the date upon which such Note becomes due and repayable]⁽⁴⁸⁾. Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of [a 360-day year with 12 months of 30 days each]⁽⁴⁹⁾ [the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365)] [●]. “Reference” Price means ● and “Accrual Yield” means ●.⁽⁵⁰⁾

[[(6)] [(●)] If the amount payable in respect of any Note upon redemption of such Note [or upon its becoming due and repayable as provided in Condition [●] [Events of Default]]⁽⁵¹⁾ is improperly withheld or refused, the amount due and repayable in respect of such Note shall be the amount calculated as provided above as though the references therein to the date fixed for the redemption or the date upon which such Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) fourteen days after a publication has been made in accordance with Condition [●] [Notices] to the effect that sufficient funds for such payment have been provided to the Issue Agent.

Die “Put-Ausübungserklärung” eines Anleihegläubigers ist unwiderruflich, es sei denn, vor dem Fälligkeitsdatum für die Rückzahlung ist ein Vorzeitiger Kündigungsgrund eingetreten und dieser besteht weiter. In diesem Fall kann der Anleihegläubiger nach seiner Wahl durch Mitteilung an die Emissionsstelle seine “Put-Ausübungserklärung” widerrufen und statt dessen die Teilschuldverschreibung nach Maßgabe von § ● [Vorzeitige Kündigungsgründe] für sofort fällig und zahlbar erklären.⁽⁴⁵⁾

[[(5)] [(●)] *Vorzeitiger Rückzahlungsbetrag*. Zum Zwecke des Absatzes 2 oben [und § ● [Vorzeitige Kündigungsgründe]]⁽⁴⁶⁾ werden die Teilschuldverschreibungen zu einem Betrag zurückgezahlt (dem “Amortisierten Nennbetrag”), der sich wie folgt berechnet: Die Summe von (a) dem Referenzpreis der

Teilschuldverschreibungen und (b) dem Produkt der Anwachungsrate (mit jährlichem Zuschlag der Zinsen), die auf den Referenzpreis vom [●]⁽⁴⁷⁾ (einschließlich) bis zum für die Rückzahlung festgelegten Datum (ausschließlich) [oder (gegebenenfalls) dem Datum, an dem die betreffende Teilschuldverschreibung fällig und rückzahlbar wird]⁽⁴⁸⁾, Anwendung findet. Soweit diese Berechnung für einen Zeitraum vorzunehmen ist, der nicht ganzen Jahren entspricht, so wird sie auf der Grundlage [von einem Jahr mit 360 Tagen und zwölf Monaten von jeweils 30 Tagen]⁽⁴⁹⁾ [der tatsächlichen Anzahl der verstrichenen Tage geteilt durch 365 (oder, falls irgendeiner der verstrichenen Tage in ein Schaltjahr fällt, der Summe (x) der Anzahl der in ein Schaltjahr fallenden Tage geteilt durch 366 und (y) der Anzahl der nicht in ein Schaltjahr fallenden Tage geteilt durch 365)] [●] vorgenommen. “Referenzpreis” bedeutet [●] und “Anwachungsrate” bedeutet ●.⁽⁵⁰⁾

[[(6)] [(●)] Wenn eine Zahlung auf eine Teilschuldverschreibung nach deren Kündigung [oder nachdem sie nach Maßgabe von § [●] [Vorzeitige Kündigungsgründe]]⁽⁵⁰⁾ fällig und zahlbar geworden ist] ohne Rechtsgrund zurückgehalten oder verweigert wird, so entspricht der auf diese Teilschuldverschreibung fällige und zahlbare Betrag dem oben berechneten Betrag mit der Maßgabe, daß die Bezugnahme auf das festgelegte Rückzahlungsdatum oder den Tag, an dem die entsprechende Teilschuldverschreibung fällig und zahlbar wird, durch das frühere der beiden folgenden Daten ersetzt wird:

- (i) das Datum, an dem alle im Hinblick auf diese Teilschuldverschreibung fälligen Zahlungen geleistet worden sind; oder
- (ii) vierzehn Tage nach der Veröffentlichung einer Bekanntmachung gemäß § [●] [Bekanntmachungen], daß der Emissionsstelle für die betreffende Zahlung ausreichende Mittel zur Verfügung gestellt worden sind.

(45) For Senior Notes with redemption at the option of the Noteholders specified in the applicable Pricing Supplement.

(46) For Senior Notes.

(47) Insert the Issue Date of the Notes specified in the applicable Pricing Supplement.

(48) For Senior Notes.

(49) For Notes that are zero coupon Notes payable in a currency other than euro.

(50) For Notes that are zero coupon Notes.

(51) For Senior Notes.

(Taxation and Additional Amounts)

(1) On ●⁽⁵²⁾, [neither] the Issuer in its capacity as the debtor of the Notes [nor the Guarantor in its capacity as obligor under the Guarantee] is required to or will withhold or deduct any amounts from payments of principal and interest on the Notes [or, in the case of the Guarantor, payments under the Guarantee] in respect of any taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied for the account of the Noteholders and Couponholders by [the Netherlands or] the Federal Republic of Germany or by any political subdivision of, or any authority in, or of, [the Netherlands or] the Federal Republic of Germany.

(2) Should after ●⁽⁵²⁾ the Issuer in its capacity as the debtor of the Notes [or the Guarantor] be required by law to withhold or deduct any amounts from payments of principal and interest on the Notes in respect of Taxes imposed or levied for the account of the Noteholders and/or the Couponholders by [the Netherlands or] the Federal Republic of Germany or by any political subdivision of, or any authority in, or of, the [the Netherlands or] Federal Republic of Germany, then the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and/or the Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any note or Coupon:

- (i) presented for payment in [the Netherlands] [[or in] the Federal Republic of Germany]; or
- (ii) to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to the Taxes in respect of such Note or Coupon by reason of his having some connection with [the Netherlands] [[or] the Federal Republic of Germany] other than the mere holding of such Note or Coupon; or
- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(4)); or

Steuern und Zusätzliche Beträge

(1) Am ●⁽⁵²⁾ ist die Emittentin in ihrer Eigenschaft als Schuldnerin der Teilschuldverschreibungen [oder die Garantin in ihrer Eigenschaft als Schuldnerin unter der Garantie] nicht zur Einbehaltung oder zum Abzug irgendwelcher Beträge von Zahlungen auf Kapital und Zinsen der Teilschuldverschreibungen [bzw. von Zahlungen unter der Garantie] aufgrund von Steuern, Abgaben oder behördlicher Gebühren irgendwelcher Art (“Steuern”) verpflichtet, die von [den Niederlanden oder] der Bundesrepublik Deutschland oder einer zur Erhebung von Abgaben befugten politischen Untergliederung oder Behörde von oder in [den Niederlanden oder] der Bundesrepublik Deutschland für Rechnung der Anleihegläubiger auferlegt oder erhoben werden.

(2) Sollte nach dem ●⁽⁵²⁾ die Emittentin in ihrer Eigenschaft als Schuldnerin der Teilschuldverschreibungen [oder die Garantin] aufgrund von Steuern, die von [den Niederlanden oder] der Bundesrepublik Deutschland oder einer zur Erhebung von Abgaben befugten politischen Untergliederung oder Behörde von oder in [den Niederlanden oder] der Bundesrepublik Deutschland für Rechnung der Anleihegläubiger auferlegt oder erhoben werden, zur Einbehaltung oder zum Abzug irgendwelcher Beträge von Zahlungen auf Kapital oder Zinsen der Teilschuldverschreibungen für Rechnung der Anleihegläubiger verpflichtet sein, dann wird die Emittentin [bzw. die Garantin] diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit der nach einem solchen Abzug oder Einbehalt verbleibende Nettobetrag denjenigen Beträgen entspricht, die ohne solchen Abzug oder Einbehalt in Ansehung der Teilschuldverschreibungen bzw. der Kupons zu zahlen gewesen wären. Die Emittentin [oder die Garantin in ihrer Eigenschaft als Schuldnerin unter der Garantie] ist nicht verpflichtet, solche zusätzlichen Beträge auf Teilschuldverschreibungen oder Zinsscheine zu zahlen, wenn:

- (i) diese in [den Niederlanden] [[oder] der Bundesrepublik Deutschland] zur Zahlung vorgelegt werden; oder
- (ii) die Zahlung an einen Anleihegläubiger oder Inhaber eines Zinsscheines oder an einen Dritten zugunsten des Anleihegläubigers oder Inhabers eines Zinsscheines erfolgt, wenn dieser oder ein solcher Dritter unabhängig vom bloßen Besitz der Teilschuldverschreibung oder des Zinsscheines in [den Niederlanden] [[oder] der Bundesrepublik Deutschland] steuerpflichtig ist; oder
- (iii) die Zahlung bei Vorlage mehr als 30 Tage nach dem Stichtag (wie unten definiert) erfolgen würde, es sei denn, daß der Anleihegläubiger oder Inhaber eines Zinsscheines einen Anspruch auf Zahlung der zusätzlichen Beträge bei Vorlage der Teilschuldverschreibung oder des Zinsscheines bis zum 30. Tag nach dem Stichtag gehabt hätte, sofern dieser 30. Tag nach dem Stichtag ein Zahlungstag im Sinne von § 4(4) der Bedingungen ist; oder

(52) Insert Issue Date specified in the applicable Pricing Supplement.

- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings (the “Directive”) implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any other conclusions or decisions relating to the outcome of that meeting or any law implementing or complying with, or introduced in order with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU.

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

Each of the Issuer and the Guarantor undertakes that, if the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 are implemented, it will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

§7

(Presentation Period)

The presentation period provided in Section 801 sub-paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The presentation period for the Coupons shall, in accordance with Section 801 sub-paragraph 2 of the German Civil Code (*Bürgerliches Gesetzbuch*) be four years, beginning with the end of the calendar year in which the Coupon falls due. The rights of the holders of Coupons under Section 804 sub-paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) in respect of lost or destroyed Coupons shall be excluded (Section 804 sub-paragraph 2 of the German Civil Code (*Bürgerliches Gesetzbuch*)).

§8

(Events of Default)

In respect of any Note, if any one or more of the following events (each an “Event of Default”) shall have occurred and be continuing (irrespective of the reason for the occurrence of such event):

- (a) there is a default, for any reason whatsoever, for more than 30 days in the payment of any amounts due under such Note after written notice requiring such default to be remedied shall have been given to the Issuer; or

- (iv) ein solcher Abzug oder Einbehalt auf eine Zahlung an eine natürliche Person vorgenommen wird und aufgrund einer EU-Richtlinie über die Besteuerung von Geldanlagen (die “Richtlinie”) zur Umsetzung der Schlußfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 bzw. anderer im Rahmen dieses Treffens vereinbarter Schlußfolgerungen oder angemessener Entscheidungen oder aufgrund einer Rechtsnorm zu erfolgen hat, die zur Umsetzung dieser Richtlinie vorgesehen ist, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder
- (v) diese von einem oder für einen Anleihegläubiger oder Inhaber eines Zinsscheines zur Zahlung vorgelegt werden, der in der Lage gewesen wäre, den Abzug oder Einbehalt zu vermeiden, indem er die betreffende Teilschuldverschreibung oder den betreffenden Zinsschein bei einer anderen Zahlstelle in einem EU-Mitgliedstaat vorgelegt hätte.

Unter “Stichtag” im Sinne dieses § 6 ist derjenige Tag zu verstehen, an dem eine Zahlung erstmals fällig wird, es sei denn, daß nicht sämtliche zahlbaren Beträge bis spätestens an diesem Tag bei der Emissionsstelle eingegangen sind. Wenn nicht sämtliche zahlbaren Beträge bis spätestens an diesem Tag bei der Emissionsstelle eingegangen sind, fällt der Stichtag auf den Tag, an dem nach Erhalt sämtlicher Beträge dieser Umstand den Anleihegläubigern gemäß den Bedingungen bekanntgemacht worden ist.

Im Falle der Umsetzung der Schlußfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 verpflichten sich die Emittentin und die Garantin jeweils, eine Zahlstelle in einem EU-Mitgliedstaat zu unterhalten, welche nicht zur Vornahme von steuerlichen Abzügen oder Einbehalten nach Maßgabe der Richtlinie verpflichtet ist.

§7

Vorlegungsfrist

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Frist zur Vorlage der Teilschuldverschreibungen wird auf zehn Jahre verkürzt. Die Vorlegungsfrist für die Kupons beträgt nach Maßgabe von § 801 Absatz 2 BGB vier Jahre ab dem Ende des Kalenderjahres, in dem die Kupons fällig werden. Der Anspruch der Inhaber von Kupons wegen abhanden gekommener oder vernichteter Kupons gemäß § 804 Absatz 1 Satz 1 BGB ist ausgeschlossen (§ 804 Absatz 2 Satz 2 BGB).

§8

Vorzeitige Kündigung

Wenn im Hinblick auf eine Teilschuldverschreibung eines oder mehrere der folgenden Ereignisse eingetreten ist und andauert (jedes ein “Vorzeitiger Kündigungsgrund”), und zwar unabhängig von dem Grund für den Eintritt eines solchen Ereignisses, nämlich:

- (a) gleich aus welchem Grund für einen Zeitraum von mehr als 30 Tagen, nachdem die Emittentin schriftlich zur ordnungsgemäßen Erfüllung aufgefordert worden ist, Zahlungsverpflichtungen im Hinblick auf diese Teilschuldverschreibung nicht erfüllt werden; oder

- (b) the Issuer fails to perform or observe any of its other obligations under these Conditions [or the Guarantor fails to perform or observe any of its other obligations under the Guarantee] and the failure continues for the period of 45 days following the service by any Noteholder on the Issuer [or the Guarantor] of notice requiring the same to be remedied; or
- (c) the Issuer [or the Guarantor] fails to fulfill any payment obligation from any other bond or note issue, any loan or other kind of borrowing exceeding U.S.\$10,000,000 or an equivalent amount in any other currency, or from any guarantee or indemnity given in respect of any such financing, and such default continues for more than the grace period applicable thereto or the Issuer [or the Guarantor] becomes liable to fulfill any such payment obligation prior to its specified maturity by reasons of default (howsoever described) of the Issuer [or the Guarantor] unless, in any such case, such payment obligation is being contested in good faith and by appropriate legal proceedings (it any); or
- (d) bankruptcy, judicial composition or other insolvency proceedings are instituted by order of any court or authority in respect of the assets of the Issuer [or the Guarantor] in the jurisdiction in which the Issuer [or the Guarantor] is organized or the Issuer [or the Guarantor] shall apply for the institution of such proceedings, or the Issuer [or the Guarantor] shall suspend, or announce that it will suspend, its payments generally; or
- (e) the Issuer [or the Guarantor] shall be dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with another company incorporated domiciled or resident in the same jurisdiction as the Issuer [or the Guarantor, as the case may be] and such company assumes all of the obligations of the Issuer under the Notes and the Coupons [or the Guarantor under the Guarantee] and thereafter references to the "Issuer" [or the "Guarantor," as the case may be,] herein shall be to such company; [or],
- [(f) the Issuer applies for a sureance van betaling (within the meaning of the Statute of Bankruptcy of the Netherlands); or
- (b) die Emittentin irgendeine andere Verpflichtung aus den Teilschuldverschreibungen nach Maßgabe dieser Anleihebedingungen [bzw. die Garantin irgendeine andere Verpflichtung aus der Garantie] nicht ordnungsgemäß erfüllt hat und dieser Zustand mindestens 45 Tage andauert hat, nachdem die Emittentin [oder die Garantin] von einem Anleihegläubiger eine Aufforderung zur ordnungsgemäßen Erfüllung erhalten hat; oder
- (c) die Emittentin [oder die Garantin] irgendeine Zahlungsverpflichtung unter anderen Anleihen oder Schuldverschreibungen, Darlehen oder sonstigen Geldaufnahmen, soweit diese einen Betrag von 10 Millionen U.S. Dollar oder einen entsprechenden Betrag in einer anderen Währung überschreiten, nicht erfüllt. Das gleiche gilt für die Nichterfüllung von Verpflichtungen aus Garantien oder Haftungserklärungen, die die Emittentin [oder die Garantin] im Hinblick auf solche Finanzierungen abgegeben hat. Dies gilt jeweils unter der Voraussetzung, daß die Nichterfüllung über die jeweils anwendbare Stundungsfrist hinaus andauert oder die Emittentin [oder die Garantin] wegen Vertragsbruches (gleich welcher Art) die Verpflichtung trifft, die betreffende Zahlungsverpflichtung vor der festgesetzten Fälligkeit zu erfüllen, und die Emittentin [oder die Garantin] das Bestehen der Zahlungsverpflichtung nicht in gutem Glauben und unter Einleitung angemessener rechtlicher Schritte bestreitet; oder
- (d) über das Vermögen der Emittentin [oder der Garantin] ein Konkurs-, Vergleichs- oder Insolvenzverfahren durch ein Gericht oder eine Behörde in dem Hoheitsgebiet, in dem die Emittentin [bzw. die Garantin] errichtet ist, oder die Emittentin [oder die Garantin] die Einleitung eines derartigen Verfahrens beantragt, oder die Emittentin [oder die Garantin] allgemein ihre Zahlungen einstellt oder dies ankündigt; oder
- (e) die Emittentin [oder die Garantin] aufgelöst oder liquidiert wird (es sei denn, die Auflösung oder Liquidation erfolgt im Zusammenhang mit einer Verschmelzung, Verbindung oder einem anderen Zusammenschluß mit einer anderen Gesellschaft, die in demselben Hoheitsgebiet wie die Emittentin [bzw. die Garantin] errichtet worden ist oder ihren Sitz hat, und diese Gesellschaft alle Verpflichtungen der Emittentin [bzw. die Garantin] unter den Teilschuldverschreibungen und den Kupons [bzw. der Garantin unter der Garantie, woraufhin Bezugnahmen auf die "Emittentin" [bzw. die Garantin] in diesen Anleihebedingungen als Bezugnahmen auf diese Gesellschaft gelten); [oder]
- [(f) Die Emittentin beantragt eine sureance van betaling (wie im Konkursgesetz der Niederlande festgelegt); oder

- (g) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect]⁽⁵³⁾, then any Noteholder may, by written notice to the Issuer at the specified office of the Issue Agent, effective upon the date of receipt thereof by the Issue Agent unless prior to such date all such defaults in respect of any relevant Note have been cured, declare any Note held by such holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at [the principal amount] [the Early Redemption Amount], together (if appropriate) with accrued interest to the date of repayment.]⁽⁵⁴⁾

§[8][9]

(Exchange of Talons)

On and after the [date] [Interest Payment Date] on which the final Coupon comprised in any Coupon sheet matures, the Talon forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the [date] [Interest Payment Date] on which the final Coupon comprised in the relative Coupon sheet matures.]⁽⁵⁵⁾

§[8] [9] [10]

(Notices)

All notices regarding the Notes shall be published (i) [in the *Bundesanzeiger* and a *Börsenpflichtblatt*, (ii)] in a leading English language daily newspaper of general circulation in London and [(iu)][(iii)] if and for so long as the Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed. For the validity of any notice, publication in the [●] shall suffice.

§[9] [10] [11]

(Further Issues)

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

- (g) die Garantie ist nicht mehr wirksam oder die Garantin behauptet, daß die Garantie nicht mehr wirksam ist]⁽⁵³⁾, dann hat jeder Anleihegläubiger das Recht, mittels schriftlicher Mitteilung an die Emittentin über die angegebene Geschäftsstelle der Emissionsstelle seine Teilschuldverschreibung zur Rückzahlung mit Wirkung des Eingangs dieser Mitteilung bei der Emissionsstelle (es sei denn, alle Vertragsverletzungen in bezug auf die betreffende Teilschuldverschreibung sind zu diesem Zeitpunkt geheilt) fällig zu stellen, woraufhin dieselbe ohne weiteres fällig und zahlbar wird, und zwar zum [Nennbetrag] [Vorzeitigen Rückzahlungsbetrag], zuzüglich (soweit anwendbar) aufgelaufener Zinsen bis zu dem Datum der Rückzahlung.]⁽⁵⁴⁾

§[8][9]

Austausch von Talons

An und nach dem [Tag][Zinstermin], an welchem der letzte Kupon eines Kuponbogens fällig wird, kann der Talon, der Teil eines solchen Kuponbogens ist, bei der angegebenen Geschäftsstelle jeder Zahlstelle im Austausch gegen einen weiteren Kuponbogen zurückgegeben werden. Dieser weitere Kuponbogen enthält einen weiteren Talon (falls er nicht Kupons bis einschließlich zum letzten Datum enthält, an dem Zinsen auf die Teilschuldverschreibung, auf die er sich bezieht, fällig werden). Ein Talon gilt (für Zwecke dieser Anleihebedingungen) an dem [Tag][Zinstermin] als fällig, an dem der letzte Kupon, der in dem jeweiligen Kuponbogen enthalten ist, fällig wird.]⁽⁵⁵⁾

§[8] [9] [10]

Bekanntmachungen

Alle die Teilschuldverschreibungen betreffenden Bekanntmachungen sind (i) [im *Bundesanzeiger* und einem *Börsenpflichtblatt*, (ii)] in einer führenden englischsprachigen Tageszeitung mit allgemeiner Verbreitung in London und [(ii)][(iii)], falls und solange die Teilschuldverschreibungen an der Luxemburger Börse notiert sind, in einer Tageszeitung mit allgemeiner Verbreitung in Luxemburg bekanntzumachen. Die Emissionsstelle hat darüber hinaus dafür Sorge zu tragen, daß Bekanntmachungen ordnungsgemäß auf eine Weise veröffentlicht werden, die mit den Regeln und Vorschriften einer jeden anderen Börse, an der die Teilschuldverschreibungen notiert sind, in Einklang steht. Für die Gültigkeit von Bekanntmachungen genügt deren Veröffentlichung in [●].

§[9] [10] [11]

Begebung weiterer Teilschuldverschreibungen

Die Emittentin behält sich vor, von Zeit zu Zeit ohne Zustimmung der Anleihegläubiger weitere Teilschuldverschreibungen mit gleicher Ausstattung oder mit einer Ausstattung zu begeben, die bis auf den Betrag und das Datum der ersten Zinszahlung der Ausstattung der Teilschuldverschreibungen entspricht, so daß diese mit den Teilschuldverschreibungen zusammengefaßt werden und gemeinsam mit den ausstehenden Teilschuldverschreibungen eine einheitliche Anleihe bilden.

(53) For Notes issued by LB Schleswig-Holstein France B.V.

(54) For Senior Notes.

(55) For Notes that have Talons attached.

(Substitution)

(1) The Issuer may, without the consent of the Noteholders, if no payment of principal of or interest on any of the Notes is in default, substitute [Landesbank Schleswig-Holstein Girozentrale (the “Bank”) or any subsidiary of the Bank]⁽⁵⁶⁾ [any subsidiary of the Issuer]⁽⁵⁷⁾ as principal debtor in respect of the Notes and the Coupons (the “Substituted Debtor”), provided that:

- (a) a transfer agreement and such other documents (if any) shall be executed by the Substituted Debtor and the Issuer [and the Bank]⁽⁵⁶⁾ as may be necessary to give full effect to the substitution (the “Documents”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions as fully as if the Substituted Debtor had been named in the Notes as the principal debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition);
- (b) without prejudice to the generality of sub-clause (a) above, if the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory (the “New Residence”) other than that in which the Issuer prior to such substitution was incorporated, domiciled or resident for taxation purposes (the “Former Residence”), the Documents shall contain a covenant and/or such, other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 6(1) above, with, where applicable, the substitution of references to the Former Residence with references to the New Residence;
- (c) [unless the Bank is the Substituted Debtor,]⁽⁵⁶⁾ the Bank shall unconditionally and irrevocably guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor in respect of the Notes and the Coupons,⁽⁵⁸⁾
- (d) the Documents shall contain a warranty and representation (i) that the Substituted Debtor and the Issuer [and, unless the Bank is the Substituted Debtor, the Bank]⁽⁵⁶⁾ have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the issue by the Bank of the Guarantee in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect

Schuldnerwechsel

(1) Die Emittentin ist jederzeit, sofern sie sich mit keiner Zahlung auf Kapital oder Zinsen der Teilschuldverschreibungen in Rückstand befindet, berechtigt, ohne Zustimmung der Anleihegläubiger [Landesbank Schleswig-Holstein Girozentrale] (die “Bank”) oder eine Tochtergesellschaft der Bank]⁽⁵⁶⁾ [eine Tochtergesellschaft der Bank]⁽⁵⁷⁾ als Hauptschuldnerin bezüglich der Teilschuldverschreibungen und der Kupons an ihrer statt (die “Ersatzschuldnerin”) einzusetzen, vorausgesetzt daß:

- (a) die Ersatzschuldnerin und die Emittentin [und die Bank]⁽⁵⁶⁾ einen Übertragungsvertrag schließen und gegebenenfalls weitere zur Wirksamkeit der Ersetzung notwendige Dokumente ausfertigen (gemeinsam die “Dokumente”), aufgrund derer (ohne die Allgemeingültigkeit des Vorstehenden einzuschränken) die Ersatzschuldnerin gegenüber jedem Anleihegläubiger die Verpflichtungen aus diesen Anleihebedingungen in demselben Umfang übernimmt, als wenn die Ersatzschuldnerin in den Teilschuldverschreibungen anstelle der Emittentin (oder anstelle einer vorherigen Ersatzschuldnerin) als Hauptschuldnerin genannt worden wäre;
- (b) ohne Beschränkung der Allgemeingültigkeit von Paragraph (a) oben, sofern die Ersatzschuldnerin in einem anderen Hoheitsgebiet (der “Neue Geschäftssitz”) als die Emittentin gegründet ist oder ihren steuerlichen Sitz hat (der “Alte Geschäftssitz”), die Dokumente eine Zusicherung bzw. andere Bestimmungen enthalten, die sicherstellen, daß jeder Anleihegläubiger in den Genuß einer den Bestimmungen von § 6(1) oben entsprechenden Zusicherung gelangt, wobei Bezugnahmen auf den Alten Geschäftssitz durch Bezugnahmen auf den Neuen Geschäftssitz ersetzt werden;
- (c) [sofern nicht die Bank die Ersatzschuldnerin ist,]⁽⁵⁶⁾ die Bank eine unbedingte und unwiderrufliche Garantie zugunsten aller Anleihegläubiger für die Zahlung aller von der Ersatzschuldnerin als Hauptschuldnerin unter den Teilschuldverschreibungen und Kupons zu zahlenden Beträge übernimmt,⁽⁵⁸⁾
- (d) die Dokumente eine Gewährleistung enthalten, (i) daß die Ersatzschuldnerin und die Emittentin [und, sofern nicht die Bank die Ersatzschuldnerin ist, die Bank]⁽⁵⁶⁾ die notwendigen öffentlichen Erlaubnisse und Genehmigungen zu der Ersetzung und der Abgabe der Garantie durch die Bank für die Verpflichtungen der Ersatzschuldnerin erhalten haben, daß die Ersatzschuldnerin alle notwendigen öffentlichen Erlaubnisse und Genehmigungen für die Erfüllung ihrer Verpflichtungen gemäß den Dokumenten erhalten hat und alle diese Genehmigungen und Erlaubnisse in vollem Umfang wirksam sind, und

(56) For Notes issued by LB Schleswig-Holstein Finance B.V.

(57) For Notes issued by Landesbank Schleswig-Holstein Girozentrale.

(58) The Guarantee to be provided by the Bank will be substantially in the form of the Senior German Guarantee or the Subordinated German Guarantee, depending on whether the Notes are Senior Notes or Subordinated Notes.

and (ii) that the obligations assumed by the Substituted Debtor in respect of the Notes and the obligations assumed by the Bank under the Guarantee are, in each case, valid and binding in accordance with their respective terms and enforceable by each Noteholder; and

- (e) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange;
- (f) legal opinions shall have been delivered to the Issue Agent (from whom copies will be available) (in each case dated not more than three days prior to the intended date of substitution) from legal advisers of good standing selected by the Issuer in each jurisdiction in which the Substituted Debtor and the Issuer are incorporated and in the Federal Republic of Germany confirming, as appropriate, that upon the substitution taking place (aa) the requirements of this Condition, save as to the giving of notice to the Noteholders, have been met and (bb) unless the Bank is the Substituted Debtor, the Guarantee is a legal, valid and binding obligation of the Bank enforceable in accordance with its terms and that the owners of the Bank at such time shall be liable for the obligations of the Bank under the Guarantee to the same extent and in the same manner as such owners are liable immediately prior to the intended substitution for the obligations of the Issuer as principal debtor in respect of the [Notes] [the Guarantee]⁽⁵⁹⁾ and (cc) the Notes and the Coupons are legal, valid and binding obligations of the Substituted Debtor enforceable in accordance with their terms.

[A substitution pursuant to the preceding provisions may not be made if, as a result of such substitution, the Notes should no longer enjoy the support of the *Anstaltslast* and *Gewährträgerhaftung* of the owners of Landesbank Schleswig-Holstein by virtue of the fact that the guarantee to be provided by the Bank should not enjoy such support, except if the guarantee to be provided by the Bank would not benefit from the *Anstaltslast* and *Gewährträgerhaftung* of the owners of Landesbank Schleswig-Holstein as a consequence of an existing or impending change to the legal framework of these regimes or if the obligations arising under such guarantee were then supported or secured, as the case may be, (i) by obligations of the state of Schleswig-Holstein equivalent to *Anstaltslast* and *Gewährträgerhaftung*, or (ii) by an unconditional and irrevocable guarantee of the state of Schleswig-Holstein, or (iii) by collateral in the form of debt obligations of the Federal Republic of Germany.]

(ii) daß die von der Ersatzschuldnerin im Hinblick auf die Teilschuldverschreibungen übernommenen Verpflichtungen und die von der Bank nach Maßgabe der Garantie übernommenen Verpflichtungen jeweils wirksam und nach Maßgabe ihrer jeweiligen Bestimmungen verbindlich sind und von den Anleihegläubigern durchgesetzt werden können; und

- (e) jede Wertpapierbörse, an der die Teilschuldverschreibungen notiert werden, bestätigt hat, daß die Teilschuldverschreibungen nach der geplanten Ersetzung der Emittentin durch die Ersatzschuldnerin weiterhin an der betreffenden Wertpapierbörse notiert werden;
- (f) Rechtsgutachten seitens von der Emittentin ausgewählter Rechtsberater von allgemein anerkannter Reputation gegenüber der Emissionsstelle (von der Kopien erhältlich sind) abgegeben worden sind (die jeweils nicht mehr als drei Tage vor dem geplanten Ersetzungstermin datieren dürfen), und zwar für die Rechtsordnungen, in denen die Ersatzschuldnerin und die Emittentin ihren eingetragenen Sitz haben sowie für die Bundesrepublik Deutschland. Diese Rechtsgutachten müssen in geeigneter Form bestätigen, daß nach erfolgter Ersetzung (aa) die Voraussetzungen dieser Bedingung, mit Ausnahme der Mitteilung an die Anleihegläubiger, erfüllt worden sind und (bb) sofern nicht die Bank die Ersatzschuldnerin ist, die Garantie eine rechtsgültige, verbindliche und wirksame Verpflichtung der Bank darstellt, die nach Maßgabe ihrer Bestimmungen durchgesetzt werden kann, und daß die Eigentümer der Bank zu der betreffenden Zeit für die Verpflichtungen der Bank aus der Garantie in dem gleichen Maße und in der gleichen Weise haften wie unmittelbar vor der geplanten Ersetzung im Hinblick auf die Verpflichtungen der Emittentin als Hauptschuldnerin unter den [Teilschuldverschreibungen] [der Garantie]⁽⁵⁹⁾ und (cc) die Teilschuldverschreibungen und Kupons rechtsgültige, verbindliche und wirksame Verpflichtungen der Ersatzschuldnerin darstellen und gemäß ihren Bestimmungen durchgesetzt werden können.

[Eine Ersetzung gemäß den vorstehenden Bestimmungen darf nicht erfolgen, wenn hierdurch die Teilschuldverschreibungen den Schutz der Anstaltslast und Gewährträgerhaftung der Eigentümer der Landesbank Schleswig-Holstein verlieren, und zwar deshalb, weil die von der Bank zu stellende Garantie nicht durch die Anstaltslast und Gewährträgerhaftung gestützt würde, es sei denn, der Wegfall des Schutzes der Anstaltslast und Gewährträgerhaftung der Eigentümer der Landesbank Schleswig-Holstein für die von der Bank zu stellende Garantie ergibt sich jeweils als Konsequenz einer bereits bestehenden oder bevorstehenden Änderung der diese Institute betreffenden Gesetzeslage oder die Verpflichtungen aus der Garantie wären gestützt bzw. besichert: (i) durch Verpflichtungen der Eigentümer der Landesbank Schleswig-Holstein, die mit der Anstaltslast und Gewährträgerhaftung gleichwertig sind oder (ii) durch eine unbedingte und unwiderrufliche Garantie der Eigentümer der Landesbank Schleswig-Holstein oder (iii) durch eine Sicherheit in Form von Verbindlichkeiten der Bundesrepublik Deutschland.]

(59) Use reference to "Notes" for Tranches issued by the Bank, otherwise use reference to "the Guarantee".

(2) Upon the execution of the Documents as referred to in sub-paragraph (1), sub-clause (a) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution of a Substituted Debtor as principal debtor, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor in respect of the Notes.

(3) The Documents shall be deposited with and held by the Issue Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor and the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(4) Not later than 20 days after the execution of the Documents the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition [●] [Notices].

(5) At any time after a substitution pursuant to sub-paragraph (1) above, the Substituted Debtor may, without the consent of the Noteholders, effect a further substitution provided that all the provisions specified in sub-paragraphs (1), (2), (3) and (4) above shall apply, *mutatis mutandis*, and, without limitation, references in the Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(6) At any time after a substitution pursuant to sub-paragraph (1) or (5) above, any Substituted Debtor may, without the consent of the Noteholders, effect a further substitution, *mutatis mutandis* whereunder the original Issuer is re-instated as the principal debtor in respect of the Notes and the Coupons.

(7) Upon a substitution, unless the Bank is the Substituted Debtor, references to [“the Netherlands”]⁽⁶⁰⁾ [“the Federal Republic of Germany”]⁽⁶¹⁾ in Conditions 5(2) and 6(1) shall be deemed to refer to [“the jurisdiction in which the Substituted Debtor has its domicile or is deemed resident for tax purposes”]⁽⁶⁰⁾ [“the Federal Republic of Germany or the jurisdiction in which the Substituted Debtor has its domicile or is deemed resident for tax purposes”]⁽⁶¹⁾, and references in Condition 8 to [“the Issuer or the Guarantor”]⁽⁶⁰⁾ [“the Issuer”]⁽⁶¹⁾ shall be deemed to refer to “the Issuer or the Bank”. [If the Bank is the Substituted Debtor, references to “the Netherlands”, “the Guarantee” and “the Guarantor” shall no longer apply.]⁽⁶²⁾

(2) Nach Ausfertigung der Dokumente gemäß Absatz 1(a) oben gilt die Ersatzschuldnerin im Hinblick auf die Teilschuldverschreibungen anstelle der Emittentin als Hauptschuldnerin, und die Teilschuldverschreibungen gelten als insoweit geändert, als es zur Wirksamkeit der Einsetzung der Ersatzschuldnerin als Hauptschuldnerin und der Befreiung der Emittentin bzw. der bisherigen Ersatzschuldnerin von allen ihren Verpflichtungen als Hauptschuldnerin in Bezug auf die Teilschuldverschreibungen bedarf.

(3) Die Dokumente sind bei der Emissionsstelle zu verwahren und aufzuheben, solange noch Teilschuldverschreibungen ausstehen und nicht jegliche Ansprüche von Anleihegläubigern gegen die Ersatzschuldnerin oder die Emittentin in Bezug auf die Teilschuldverschreibungen oder die Dokumente endgültig gerichtlich entschieden, gütlich beigelegt oder befriedigt sind. Die Ersatzschuldnerin und die Emittentin erkennen das Recht der Anleihegläubiger auf Einsicht in die Dokumente zur Durchsetzung von Ansprüchen aus den Teilschuldverschreibungen oder den Dokumenten an.

(4) Nicht später als 20 Tage nach der Ausfertigung der Dokumente hat die Ersatzschuldnerin die Anleihegläubiger davon gemäß §[●] [Bekanntmachungen] in Kenntnis zu setzen

(5) Die Ersatzschuldnerin kann jederzeit nach einem Schuldnerwechsel gemäß Absatz (1) oben ohne Zustimmung der Anleihegläubiger einen weiteren Schuldnerwechsel vornehmen mit der Maßgabe, daß alle Bestimmungen der Absätze (1), (2), (3) und (4) oben sinngemäß zur Anwendung gelangen, und Bezugnahmen in diesen Anleihebedingungen auf die Emittentin, wo es der Zusammenhang erfordert, als Bezugnahmen auf die weitere Ersatzschuldnerin gelten.

(6) Eine Ersatzschuldnerin kann jederzeit nach einem Schuldnerwechsel gemäß Absatz (1) oder (5) oben ohne Zustimmung der Anleihegläubiger einen erneuten Schuldnerwechsel vornehmen, durch den die ursprüngliche Emittentin als Hauptschuldnerin bezüglich der Teilschuldverschreibungen und Kupons wiedereingesetzt wird.

(7) Sofern nicht die Bank Ersatzschuldnerin ist, gelten nach dem Schuldnerwechsel Verweisungen auf [“die Niederlande”]⁽⁶⁰⁾ [“die Bundesrepublik Deutschland”]⁽⁶¹⁾ in §§5(2) und 6(1) als Verweisungen auf [“das Hoheitsgebiet, in dem die Ersatzschuldnerin steuerlich ansässig ist oder als steuerlich ansässig gilt”]⁽⁶⁰⁾ [“die Bundesrepublik Deutschland oder das Hoheitsgebiet, in dem die Ersatzschuldnerin steuerlich ansässig ist oder als steuerlich ansässig gilt”]⁽⁶¹⁾, und Verweisungen in §8 auf [“die Emittentin oder die Garantin”]⁽⁶⁰⁾ [“die Emittentin”]⁽⁶¹⁾ als Verweisungen auf “die Emittentin oder die Bank”. [Falls die Bank die Ersatzschuldnerin ist, haben Verweisungen auf “die Niederlande”, “die Garantie” oder “die Garantin” keine weitere Geltung.]⁽⁶²⁾

(60) For Notes issued by LB Schleswig-Holstein Finance B.V.

(61) For Notes issued by Landesbank Schleswig-Holstein Girozentrale.

(62) For Notes issued by LB Schleswig-Holstein Finance B.V.

§[11] [12] [13]

(Applicable Law, Place of Performance and Place of Jurisdiction)

(1) The Notes and the Coupons, both as to form and content, and the rights and obligations of the Noteholders, the Issuer, the Issue Agent and the other Paying Agents shall in all respects be governed by the laws of the Federal Republic of Germany.

(2) The place of jurisdiction for all proceedings arising out of or in connection with the Notes shall be Kiel. The Noteholders, however, may also pursue their claims before any other competent courts having jurisdiction over the Issuer. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes.

(3) Should any provision of these Conditions be wholly or partially invalid or impracticable the other provisions of these Conditions shall not be affected thereby. Any such invalid or impracticable provision shall be deemed to be replaced by such other valid and practicable provision which approximates as closely as possible the spirit and the intent underlying the invalid or impracticable provision.

(4) These Conditions are written in the German language. The English translation thereof is provided for purposes of convenience only. The German language version shall be legally binding and controlling in each and every respect.

§[11] [12] [13]

Anwendbares Recht, Erfüllungsort und Gerichtsstand

(1) Form und Inhalt der Teilschuldverschreibungen und Kupons sowie die Rechte und Pflichten der Anleihegläubiger, der Emittentin, der Emissionsstelle und der anderen Zahlstellen bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.

(2) Gerichtsstand für alle Rechtsstreitigkeiten aus oder in Verbindung mit den Teilschuldverschreibungen oder Kupons ist Kiel. Die Anleihegläubiger können ihre Ansprüche jedoch auch vor jedem anderen Gericht geltend machen, das für die Emittentin zuständig ist. Für die Kraftloserklärung abhanden gekommener oder vernichteter Teilschuldverschreibungen sind ausschließlich deutsche Gerichte zuständig.

(3) Sollte eine der Bestimmungen dieser Anleihebedingungen ganz oder teilweise unwirksam oder undurchführbar sein, so bleiben die übrigen Bestimmungen davon unberührt. Eine unwirksame oder undurchführbare Bestimmung wird durch eine wirksame oder durchführbare Bestimmung ersetzt, die dem Sinn und dem Zweck der unwirksamen oder undurchführbaren Bestimmungen möglichst nahe kommt.

(4) Diese Anleihebedingungen sind in deutscher Sprache abgefaßt. Die englische Übersetzung ist unverbindlich. Die deutsche Fassung ist in jeder Hinsicht rechtlich maßgebend und verbindlich.

USE OF PROCEEDS

The net proceeds from each issue of Notes to be issued under the Programme will be used for the general financing purposes of the Bank and its subsidiaries.

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE

History and Ownership

Landesbank Schleswig-Holstein Girozentrale (“LB Kiel” or the “Bank”) was established on 1st April, 1917 and was created under the “*Provincialordnung für die Provinz Schleswig-Holstein*” dated 27th May, 1888. It is a credit institution in the legal form of an institution under German public law (*Anstalt des öffentlichen Rechts*). WestLB AG (formerly Westdeutsche Landesbank Girozentrale) (“WestLB”) holds 39.9 per cent. and Landesbank Baden-Württemberg 10 per cent. of the capital stock of LB Kiel. The State of Schleswig-Holstein and the Savings Bank and Giro Association for Schleswig-Holstein each hold 25.05 per cent. of the Bank’s capital stock (together, the “Owners”). On 9th May, 2000, LB Kiel was registered with the commercial register (*Handelsregister*) of the district court of Kiel under number HRA 3993.

Liability for LB Kiel’s Obligations

The Owners have a responsibility to the Bank for the performance of the Bank’s obligations pursuant to the Savings Bank Act for the State of Schleswig-Holstein in its latest version of 3rd May, 1994, (*Anstaltslast*, the “Maintenance Burden”). This legal principle requires the Owners to keep the Bank in a position to perform its functions and to enable it in the event of financial difficulties, through the allocation of funds or in some other appropriate manner, to perform its obligations when due. While the *Anstaltslast* does not constitute a formal guarantee of the Bank’s obligations by the Owners and does not give the creditors of the Bank a direct claim against the Owners, the effect of the *Anstaltslast* is that the Bank’s obligations are backed by the credit of the Owners.

In addition, the Owners are jointly and severally liable like guarantors for all obligations of the Bank under the Savings Bank Act (*Gewährträgerhaftung*, the “Guarantee Obligation”). The *Gewährträgerhaftung* gives a creditor a direct claim against the Owners if the creditor should be unable to satisfy itself out of assets of the Bank. The Guarantee Obligation is not limited in amount.

For more information on “Liability for LB Kiel’s Obligations” see “Recent Developments”.

Business of the Bank

LB Kiel – Bank for the North

Consolidated total assets of EUR 141 billion as at 31st December, 2001 (EUR 128 billion in 2000) make LB Kiel the 13th (15th in 2000) largest bank in Germany. LB Kiel’s strategic orientation concentrates on those business areas where the Bank has a reliable customer base and specific know-how. Short and flexible decision-making lines help LB Kiel to act quickly in response to market demand. LB Kiel employed 2,652 people as at 31st December, 2001.

LB Kiel is an internationally operating commercial bank based in Germany. LB Kiel has strong regional ties to northern Germany and the Baltic Sea region where it offers a wide range of traditional and innovative financial products and services. Additionally, LB Kiel has a growing national and international business in selected niche markets. It also acts as the central clearing agency for the savings banks of Schleswig-Holstein, with which LB Kiel maintains strong ties and co-operates in a variety of ways. As a Landesbank, LB Kiel is the natural partner for the State of Schleswig-Holstein and its municipalities.

The Bank’s strategic approach is built on three pillars:

1. Regional Focus on northern Germany and the Baltic Sea region

In Schleswig-Holstein, which is the core home market, LB Kiel is the leading commercial bank working as a wholesale bank with the local savings banks as its partners in the retail market. The Bank is also active in other parts of northern Germany. The customers in these markets comprise commercial and industrial companies, savings banks, public entities and private individuals. To benefit from the integration processes in the metropolitan region Hamburg / Schleswig-Holstein, LB Kiel also co-operates with Hamburgische Landesbank (“HLB”), in which it holds a 49.5 per cent. stake. As the “Bank for the North”, LB Kiel has successfully built on the strong position in its home market of northern Germany to become one of the leading foreign banks in the Baltic Sea

region. Key areas are syndicated lending – increasingly as an arranger – real estate finance and structured finance. Refinancing of small and medium-sized local financial institutions also continues to gain in importance. To upgrade its product range LB Kiel holds 100 per cent. in the Danish investment bank Gudme Raaschou Bankaktieselskab, Copenhagen, and 71 per cent. in the Finnish financial services provider PCA Corporate Finance Oy, Helsinki.

2. International product and sector specialist

In addition, LB Kiel provides specialised financial services on a world wide basis in selected markets, especially in the areas of transport and real estate finance. While LB Kiel already has a good reputation in the area of ships and aircraft, it also continues to expand business in the railway and infrastructure financing segments. In the ship finance business, which accounts for the largest portion of the Bank's transport finance business, LB Kiel is among the leading banks in the world. LB Kiel has increasingly built up its real estate finance business abroad following a successful geographical diversification from Schleswig-Holstein into other regions in Germany. After focusing on the American and British markets since 1999, LB Kiel is gradually expanding into other selected countries. Since business in different regional real estate markets does not run synchronously, internationalisation appears as a suitable instrument to achieve a more balanced loan portfolio. In the corporate segment the focus is on utilities, energy, healthcare and on leasing refinancing.

3. Established player in the international capital market

The international capital market is one of LB Kiel's most important sources of funding. The Bank uses capital market products to optimise its risk and return structure. This involves the use of complex structured financing instruments (including asset backed securities and credit derivatives) both on the assets and on the liabilities side. Additionally, LB Kiel offers structured finance solutions for corporates and savings banks.

Executive Bodies

As at 31st July, 2002, the executive bodies of LB Kiel are the Guarantors' Meeting (i.e. the meeting of the Owners), the Supervisory Board and the Managing Board.

Guarantors' Meeting (as at 1st July, 2002)

Members:

Chairwoman

Heide Simonis

Minister President of the State of Schleswig-Holstein, Kiel

First Deputy Chairman

Jürgen Sengera

Chairman of the Managing Board Westdeutsche Landesbank Girozentrale, Düsseldorf

Second Deputy Chairman

Olaf Cord Dielewicz

President of the Savings Banks and Giro Association for Schleswig-Holstein, Kiel

Third Deputy Chairman

Heinrich Haasis

President of the Baden-Württemberg Savings Banks Association, Stuttgart

Members Representing the State of Schleswig-Holstein according to section 8 paragraph 2 of the Statutes of LB Kiel ("the Statutes"):

Claus Möller

Minister of Finance and Energy of the State of Schleswig-Holstein, Kiel

Michael Rocca

State Secretary at the Ministry of Economic Affairs, Technology and Transport of the State of Schleswig-Holstein, Kiel

Members Representing the Savings Banks and Giro Association for Schleswig-Holstein according to section 8 paragraph 2 of the Statutes:

Jörg-Dietrich Kamischke
District Administrator of the Schleswig-Flensburg district, Schleswig

Dr. Hans Lukas
Chairman of the Managing Board Sparkasse Stormarn, Bad Oldesloe

Members Representing Westdeutsche Landesbank Girozentrale:

Dr. Karlheinz Bentele
President of the Rhineland Savings Banks and Giro Association, Düsseldorf

Dr. Wolf-Albrecht Prautzsch
Deputy Chairman of the Managing Board Westdeutsche Landesbank Girozentrale, Münster

Members Representing Landesbank Baden-Württemberg according to section 8 paragraph 2 of the Statutes:

Hans Dietmar Sauer
Chairman of the Managing Board Landesbank Baden-Württemberg, Stuttgart

Supervisory Board (as at 1st July, 2002)

Members:

Chairwoman

Heide Simonis
Minister President of the State of Schleswig-Holstein, Kiel

Substitute according to section 11 paragraph 3 of the Statutes

Ulrike Wolff – Gebhardt
State Secretary, Head of the State Chancellery of the State of Schleswig-Holstein, Kiel

First Deputy Chairman

Jürgen Sengera
Chairman of the Managing Board Westdeutsche Landesbank Girozentrale, Düsseldorf

Substitute according to section 11 paragraph 3 of the Statutes

Dr. Adolf Franke
Member of the Managing Board Westdeutsche Landesbank Girozentrale, Düsseldorf

Second Deputy Chairman

Olaf Cord Dielewicz
President of the Savings Banks and Giro Association for Schleswig-Holstein, Kiel

Substitute according to section 11 paragraph 3 of the Statutes

Werner Helms – Rick
Association Director of the Savings Banks and Giro Association for Schleswig-Holstein, Kiel

Third Deputy Chairman

Heinrich Haasis
President of the Baden-Württemberg Savings Banks Association, Stuttgart

Substitute according to section 11 paragraph 3 of the Statutes

Gerd Wolf
Member of the Managing Board Landesbank Baden-Württemberg, Stuttgart

Members Representing the State of Schleswig-Holstein

Peter Deutschland
Chairman of the DGB Nord, Hamburg

Uwe Döring
State Secretary at the Ministry of Finance and Energy of the State of Schleswig-Holstein, Kiel

Claus Möller
Minister of Finance and Energy of the State of Schleswig-Holstein, Kiel

Michael Rocca
State Secretary at the Ministry of Economic Affairs, Technology and Transport of the State of Schleswig-Holstein, Kiel

Members Representing the Savings Banks and Giro Association for Schleswig-Holstein

Günter Anders
Chairman of the Managing Board Sparkasse Schleswig-Flensburg, Schleswig

Norbert Gansel
Lord Mayor of the City of Kiel, Kiel

Günter Kröpelin
District Administrator of the Herzogtum Lauenburg district, Ratzeburg

Erwin Rückemann
Chairman of the Managing Board Stadtsparkasse Neumünster, Neumünster

Members Representing both the State of Schleswig-Holstein and the Savings Banks and Giro Association for Schleswig-Holstein

Dr. Hans Lukas
Chairman of the Managing Board Sparkasse Stormarn, Bad Oldesloe

Members Representing Westdeutsche Landesbank Girozentrale

Theo Dräger
Chairman of the Managing Board Drägerwerk AG, Lübeck

Hans-Peter Krämer
Chairman of the Managing Board Kreissparkasse Köln, Köln

Dr. Wolfgang Peiner
Senator, Head of the Ministry of Finance of Free and Hanseatic City of Hamburg, Hamburg

Dr. Wolf-Albrecht Prautzsch
Deputy Chairman of the Managing Board Westdeutsche Landesbank Girozentrale, Münster

Dr. Fritz Süverkrüp
President of the Chamber of Industry and Commerce of Kiel, Kiel

Jorma Juhani Vaajoki
Kauniainen, Finland

Members Representing Landesbank Baden-Württemberg

Hans Dietmar Sauer
Chairman of the Managing Board Landesbank Baden-Württemberg, Stuttgart

Members elected by the Employees

Astrid Balduin, Kiel

Waltraut Fuhrmann, Kiel

Ditmar Höret, Kiel

Dr. Elisabeth Keßeböhmer, Kiel

Knuth Lausen, Kiel

Rieka Meetz – Schawaller, Kiel

Karl-Heinz Ravn, Kiel

Wolfgang Sander, Kiel

Michael Schmalz, Kiel

Gaby Woelk, Kiel

Managing Board (as at 1st July, 2002)

Chairman

Dr. Dietrich Rümker

Deputy Chairman

Hans Berger

Dieter Pfisterer

Dr. Erwin Sell

Franz S. Waas, Ph.D.

Recent Developments

State Aid Debate

A complaint has been lodged with the European Commission by the European Bankers' Association challenging the concepts of *Gewährträgerhaftung* ("Guarantee Obligation") and *Anstaltslast* ("Maintenance Burden"). On 17th July, 2001, the European Commission and the German authorities reached an understanding concerning the concepts of *Gewährträgerhaftung* and *Anstaltslast*. The understanding is based on the following principles. *Gewährträgerhaftung* will be abolished. *Anstaltslast* will be replaced by a normal owner relationship between the owner and the public financial institution concerned. Liabilities existing at 18th July, 2001, the date of acceptance by the German authorities of the Commission's recommendation of 8th May, 2001, will continue to be covered by *Gewährträgerhaftung* until their maturity. There will be a transitional period which will last until 18th July, 2005, and during which *Anstaltslast* and *Gewährträgerhaftung* can be maintained in their present form. As of the final date of this transitional period any liability existing by then and created after 18th July, 2001, will continue to be covered by *Gewährträgerhaftung* under the condition that its maturity does not go beyond 31st December, 2015.

A second dispute with the EU Commission, which is unrelated to *Anstaltslast* and *Gewährträgerhaftung*, has not been solved yet. This issue concerns the amount of remuneration paid for the integration of Wohnungsbauförderungsanstalt (Wfa), previously owned by the state of North Rhine-Westphalia, into WestLB. The EU Commission considers in its decision of 8th July, 1999, the remuneration paid so far by WestLB to the state to be inconsistent with general market practice and has concluded that this represents an infringement of the EU state subsidy regulations and that WestLB is obliged to (re)pay the balance. This has led to a number of pending proceedings at the European Court. To determine whether other Landesbanken benefit from similar cases of illegal state aid, the EU Commission launched an investigation in 1999, which also covers the states of Bavaria, Berlin, Lower Saxony, Hamburg, Hesse and Schleswig-Holstein. Triggered by the examinations regarding restructuring aid to Bankgesellschaft Berlin (BGB), formal investigation proceedings were initiated on 2nd July, 2002, against Landesbank Berlin (LBB), which forms part of BGB.

In Schleswig-Holstein, Investitionsbank Schleswig-Holstein (IB) was established in 1991 as the central promotion institute of the State of Schleswig-Holstein and integrated into LB Kiel. The IB capital not used by IB for backing its own transactions may be used as liable capital by LB Kiel. Should the EU Commission initiate legal proceedings against LB Kiel, its management is confident that possible charges resulting from an

unfavourable EU decision will be manageable for the Bank. By selling part of LB Kiel to WestLB and SüdwestLB (today Landesbank Baden Württemberg) with effect from 1st January, 1994, the State of Schleswig-Holstein has already realised certain economic benefits which would have to be taken into account in determining the scope of a retroactive retransfer of assets. The Bank's governing bodies have instructed the Managing Board of LB Kiel to develop a concept for the spin-off of IB into an independent promotion institution owned by the State of Schleswig-Holstein as its sole shareholder. The spin-off has to be approved by the State Parliament of Schleswig-Holstein. HLB assumes that the integration of Hamburgische Wohnungsbaukreditanstalt will not give rise to any material changes in connection with the liable capital issue.

Merger with Hamburgische Landesbank

On 9th September, 2002, the Owners of LB Kiel and the owners of HLB decided to merge, with effect from 1st January, 2003, into a newly created stock corporation (*Aktiengesellschaft*). The owners of HLB are the *Freie und Hansestadt Hamburg* (State of Hamburg) (50.5 per cent.) and LB Kiel (49.5 per cent.). The merger is subject to prior approval thereof given by each of the the Governments and the Parliaments of the Federal States of Hamburg and Schleswig-Holstein, respectively. If all relevant parties were to grant their respective approval by the end of August 2003, the merger could be implemented with retroactive effect as of 1st January, 2003.

It is anticipated that the owners of the merged bank will be:

<i>Freie und Hansestadt Hamburg</i> (State of Hamburg)	32.69 per cent.
WestLB AG	26.86 per cent.
State of Schleswig-Holstein	16.86 per cent.
Savings Bank and Giro Association for Schleswig-Holstein	16.86 per cent.
Landesbank Baden-Württemberg	6.73 per cent.

The strategy of the new bank will be based on three elements. Availing itself of its strong regional roots, the bank will, on the one hand, continue LB Kiel's tradition as the "Bank for the North", offering a wide range of financial services to customers — particularly medium-sized companies — in the States of Hamburg and Schleswig-Holstein. On the other hand, the new bank will also focus on ship and transport financing, leasing refinance and real estate finance as well as credit investments — business segments in which both LB Kiel and HLB have already acquired solid know-how and expertise. Additionally, the new bank will endeavour to strengthen further its position as a frequent issuer, trader and supplier of complex products such as structured finance and asset-backed securities in the international capital markets.

The Owners of LB Kiel and the owners of HLB agreed to preserve for the new bank the benefits of Guarantee Obligation and Maintenance Burden in line with the above-mentioned transitional arrangements established as part of the understanding between the European Commission and the German Government on 17th July, 2001.

Capitalisation

The following table sets out the capitalisation of the Bank and the Group Companies as at the dates specified.

	30th June, 2002 ⁽¹⁾	31st December, 2001 ⁽¹⁾	31st December, 2000 ⁽¹⁾
	(unaudited)	(audited)	(audited)
	€ million		
<i>Liable capital of the Bank acc. to sec. 10 of the German Banking Act (KWG)</i>			
Subscribed capital	220	220	220
Silent participations	1,907	1,157	789
Capital reserves	927	927	925
Earnings Reserves	509	504	412
Fund for general banking risks	89	89	65
Intangible fixed assets	-13	-13	-16
Core capital	3,638	2,883	2,396
Supplementary capital	1,599	1,759	1,594
Equity Investments acc. to sec. 10 para. 6a sentence 1 No. 4a of the German Banking Act	-4	-4	-2
Tier 3 capital	—	—	—
<i>Total liable capital – Bank</i>	<i>5,233</i>	<i>4,638</i>	<i>3,988</i>
<i>Liable capital of the Group Companies acc. to sec. 10a of the German Banking Act (KWG)</i>			
Core capital	1,459	1,323	1,304
Supplementary capital	1,158	1,207	1,169
Deduction from equity capital	-16	-16	-16
<i>Total liable capital – Group companies</i>	<i>2,601</i>	<i>2,514</i>	<i>2,457</i>
Tier 3 capital not counting towards the capital base	—	—	—
<i>Group total liable capital</i>	<i>7,834</i>	<i>7,152</i>	<i>6,445</i>

Save as disclosed above, there has been no material change in the capitalisation of the Bank and the Group Companies since 30th June, 2002.

(1) Columns may not add up due to rounding.

Financial Statements of Landesbank Schleswig-Holstein Girozentrale and Consolidated Financial Statements of the Group.

The following non-consolidated and consolidated financial statements of the Bank have been extracted from the audited financial statement of the Bank for the periods ended 31st December, 2000 and 2001:

BALANCE SHEET OF LB KIEL AS AT 31ST DECEMBER, 2001

	prev. year 2000			prev. year 2000
			€ thousands	
ASSETS				
1. Cash reserve				
(a) cash in hand			2,578	4,009
(b) balances with central banks			85,198	165,615
thereof:				87,776
with Deutsche Bundesbank	68,670	(163,471)		169,624
2. Bills of exchange eligible for refinancing				
with central banks				3,751
thereof:				4,490
refinancable at Deutsche Bundesbank	3,751	(4,490)		
3. Loans and advances to banks				
(a) payable on demand			871,387	761,468
(b) other loans and advances			21,706,451	21,472,800
thereof:				22,577,838
building loans of Landes-Bausparkasse (LBS)	102	(124)		22,234,268
4. Loans and advances to customers				42,169,117
thereof:				37,835,943
secured by mortgages	7,740,061	(6,819,705)		
municiple loans	11,240,034	(11,705,659)		
secured by ship mortgages	3,614,944	(3,012,983)		
building loans of Landes-Bausparkasse				
from allocations (building society loans)	405,598	(419,455)		
from prefinance facilities and interim financing	921,586	(746,324)		
other	42,155	(38,525)		
thereof:				
secured by mortgages	1,187,942	(1,105,383)		
5. Bonds and other fixed-income securities				
(a) money market instruments				
(aa) issued by public issuers			1,895,327	
thereof:				
eligible for refinancing with Deutsche Bundesbank	1,353,397	(-)		
(ab) issued by other issuers			127,270	269,898
thereof:				2,022,597
eligible for refinancing with Deutsche Bundesbank	126,109	(147,336)		
(b) bonds				
(ba) issued by public issuers			5,490,865	5,623,923
thereof:				
eligible for refinancing with Deutsche Bundesbank	4,456,577	(5,092,271)		
(bb) issued by other issuers			13,830,261	11,186,842
thereof:				19,321,126
eligible for refinancing with Deutsche Bundesbank	5,841,250	(5,182,405)		
(c) own bonds			1,249,562	1,084,158
nominal amount	1,234,289	(1,072,961)		22,593,285
6. Shares and other non-fixed income securities				909,557
7. Equity investments in non-affiliated companies				872,580
thereof:				778,061
in banks	758,097	(758,057)		
8. Equity investments in affiliated companies				168,703
thereof:				169,897
in banks	119,995	(119,583)		
9. Trust assets				1,216,191
thereof:				1,239,441
trust loans	1,208,388	(1,229,075)		
10. Intangible fixed assets				13,115
11. Tangible fixed assets				614,217
12. Other assets				442,450
13. Prepaid expenses				94,020
14. Deferred taxes				23,334
Total assets				91,785,934
				82,133,012

BALANCE SHEET OF LB KIEL AS AT 31ST DECEMBER, 2001

	prev. year 2000		prev. year 2000
	€ thousands		
LIABILITIES			
1. Liabilities to banks			
(a) payable on demand		2,811,239	3,032,374
(b) with agreed maturities or at agreed notice periods.. ..		35,097,730	29,830,826
(c) savings deposits of Landes-Bausparkasse (LBS)		2,071	5,669
thereof:		37,911,040	32,868,869
for allocated contracts	770	(3,230)	
2. Liabilities to customers			
(a) saving deposits			
(aa) savings deposits with agreed notice of three months		40,945	38,111
(ab) savings deposits with agreed notice of more than			
three months		2,806	3,453
(ac) savings deposits at Landes-Bausparkasse		831,172	792,002
thereof:			
for terminated contracts	6,219	(5,348)	
on allocated contracts	15,158	(17,557)	
		874,923	
(b) other liabilities			
(ba) payable on demand		1,432,649	772,862
(bb) with agreed maturities or notice periods		10,216,042	10,544,356
		11,648,691	
		12,523,614	12,150,784
3. Liabilities of Investitionsbank relating to federal promotion programmes with agreed maturities of notice periods of four years or more		500,328	507,482
4. Certificated liabilities			
(a) bonds issued		26,015,696	25,118,275
(b) other certificated liabilities		7,007,376	4,178,388
thereof:		33,023,072	29,296,663
money market instruments	7,007,376	(4,178,388)	
5. Trust liabilities		1,216,191	1,239,441
thereof:			
trust loans	1,208,388	(1,229,076)	
6. Other liabilities.. .. .		181,824	374,310
7. Deferred income		254,990	256,178
8. Provisions			
(a) provisions for pensions and similar obligations		190,804	174,719
(b) tax provisions		30,116	68,723
(c) other provisions.. .. .		73,124	67,817
		294,044	311,259
9. Interest equalization fund		923,107	954,825
10. Special reserve item		3,941	6,474
11. Subordinated debt		1,173,133	947,978
12. Profit-sharing rights		686,288	671,288
thereof:			
due in less than 2 years	51,129	(51,129)	
13. Fund for general banking risks		88,839	65,000
14. Equity capital			
(a) subscribed capital		1,376,492	1,008,992
(b) capital reserves			
appropriated reserves of Investitionsbank		1,083,066	1,031,245
		2,459,558	
(c) earnings reserves			
(ca) statutory reserves		391,000	310,000
(cb) statutory reserves of Landes-Bausparkasse		77,205	74,137
(cc) appropriated reserves of Investitionsbank		35,883	28,107
		504,088	
(d) net retained earnings		41,877	29,980
		3,005,523	2,482,461
Total liabilities		91,785,934	82,133,012
1. Contingent liabilities from guarantees and indemnity agreements		5,080,209	2,808,459
2. Other liabilities			
(a) placing and underwriting commitments		—	602
(b) irrevocable lending commitments		6,429,911	5,476,161

STATEMENT OF INCOME OF LB KIEL
FOR THE PERIOD FROM 1ST JANUARY, 2001 TO 31ST DECEMBER, 2001

	prev. year 2000			prev. year 2000		
	T€	T€	T€	T€	T€	T€
1. Interest income from						
(a) lending and money market transactions			5,569,727			4,738,435
thereof:						
interest income of Landes-Bausparkasse (LBS)						
from LBS loans	19,578	(20,001)				
from prefinance facilities and interim financing ..	50,681	(39,087)				
from other building loans	2,934	(2,352)				
(b) debt securities and other fixed income securities			1,024,473			975,056
				6,594,200		
2. Interest expense				6,206,071		5,416,160
thereof:						
on savings deposits of Landes-Bausparkasse	22,518	(22,027)			388,129	297,331
3. Other income						
(a) shares and other non-fixed income securities				34,966		47,606
(b) equity investments in non-affiliated companies				26,604		19,001
(c) equity investments in affiliated companies				14,484		17,386
					76,054	83,993
4. Income from profit-and-loss pooling agreements, profit transfer agreements and partial profit transfer agreements					2,453	2,276
5. Commission income				104,550		104,417
thereof:						
commission income of Landes-Bausparkasse						
on contracts signed and arranged	6,401	(6,281)				
from loans granted after allotment of building saving contracts	2,486	(2,475)				
from the allocation and administration of prefinance facilities and interim financing	6	(6)				
6. Commission expense.. .. .				37,919		40,048
thereof:						
commissions on contracts signed and arranged of Landes-Bausparkasse	7,375	(7,558)			66,631	64,396
7. Net income or expense from trading activities					38,520	15,976
8. Other operating income					100,063	44,547
9. Earnings from the liquidation of special reserve items ..					2,533	8,519
10. General administrative expenses						
(a) personnel expenses						
(aa) wages and salaries			105,805			95,653
(ab) social security contributions, retirement pensions and other benefits			44,957			43,073
thereof:				150,762		
for retirement pensions.. .. .	29,269	(28,166)				
(b) other administrative expenses				111,969		99,429
					262,731	238,155
11. Depreciation of and adjustments to intangible and tangible fixed assets					32,091	26,101
12. Other operating expenses					10,847	8,268
13. Write-downs and value adjustments on loans and certain securities and additions to provisions for bad debt					123,547	73,611
14. Income from write-backs on equity investments in non-affiliated companies, affiliated companies and securities treated as fixed assets					782	4,544
15. Allocations to the fund for general banking risks					23,838	25,000
16. Expenses from loss transfers					2,918	298
17. Results from normal business operations					219,193	150,122
18. Taxes on income and revenue				19,102		73,332
19. Other taxes not shown under other operating expenses (item 12)				603		427
					19,705	73,759
20. Profits transferred under partial profit transfer agreements					75,642	32,314
21. Net income for the year					123,846	44,049
thereof:						
Landes-Bausparkasse	3,068	(3,068)				
22. Retained earnings carried forward from the previous year					2,099	5,046
23. Allocation of net income to earnings reserves						
(a) statutory reserves of Landesbank					81,000	15,775
(b) statutory reserves of Landes-Bausparkasse					3,068	3,068
(c) appropriated reserves of Investitionsbank					-	272
24. Net retained earnings					41,877	29,980

GROUP BALANCE SHEET AS AT 31ST DECEMBER, 2001

	prev. year 2000			prev. year 2000		
	T€	T€	T€	T€	T€	T€
ASSETS						
1. Cash reserve						
(a) cash in hand				6,457		8,594
(b) balances with central banks				129,362		227,404
thereof:						
with Deutsche Bundesbank	106,385	(191,476)			135,819	235,998
2. Debt instruments issued by public institutions and bills of exchange eligible for refinancing with central banks						
(a) treasury bills and discounted treasury notes as well as similar debt instruments issued by public institutions				1,820		912
thereof:						
refinanceable at Deutsche Bundesbank	—	(—)				
(b) bills of exchange				3,751		4,490
thereof:					5,571	5,402
refinanceable at Deutsche Bundesbank	3,751	(4,490)				
3. Loans and advances to banks						
(a) payable on demand				2,280,594		2,035,567
(b) other loans and advances				30,109,520		30,333,865
thereof:					32,390,114	32,369,432
building loans of Landes-Bausparkasse (LBS)	102	(124)				
4. Loans and advances to customers					64,042,065	58,115,144
thereof:						
secured by mortgage	13,765,683	(13,022,183)				
municipal loans	13,628,374	(14,246,252)				
secured by ship mortgages	7,958,348	(6,622,006)				
building loans of Landes-Bausparkasse						
from allocations (building society loans)	405,598	(419,455)				
for prefinance facilities and interim financing	921,586	(746,324)				
other	42,155	(38,525)				
thereof:						
secured by mortgage	1,187,942	(1,105,383)				
5. Bonds and other fixed-income securities						
(a) money market instruments						
(aa) issued by public issuers			1,895,327			—
thereof:						
eligible for refinancing with Deutsche Bundesbank	1,353,397	(—)				
(ab) issued by other issuers			509,496			269,951
thereof:				2,404,823		
eligible for refinancing with Deutsche Bundesbank	126,109	(147,336)				
(b) bonds						
(ba) issued by public issuers			8,802,379			8,650,389
thereof:						
eligible for refinancing with Deutsche Bundesbank	5,647,142	(5,929,372)				
(bb) issued by other issuers			26,481,874			22,616,386
thereof:				35,284,253		
eligible for refinancing with Deutsche Bundesbank	8,979,539	(8,709,392)				
(c) own bonds				1,608,429		1,391,743
nominal amount	1,580,916	(1,376,536)			39,297,505	32,928,469
6. Shares and other non-fixed income securities					1,738,035	1,526,447
7. Equity investments in non-affiliated companies					200,144	102,094
thereof:						
in banks	62,236	(63,313)				
in financial services institutions	495	(495)				
8. Equity investments in affiliated companies					123,787	97,842
thereof:						
in banks	9,240	(9,725)				
9. Trust assets					1,363,179	1,366,188
thereof:						
trust loans	1,228,617	(1,251,175)				
10. Intangible fixed assets					13,266	16,165
11. Tangible fixed assets					712,956	576,468
12. Other assets					757,866	502,867
13. Prepaid expenses					215,957	242,316
14. Deferred taxes					23,334	—
<i>Total assets</i>				<u>141,019,598</u>	<u>128,084,832</u>	

	prev. year 2000			prev. year 2000		
	T€	T€	T€	T€	T€	T€
LIABILITIES						
1. Liabilities to banks						
(a) payable on demand				3,875,920		4,064,183
(b) with agreed maturities or agreed notice periods				52,866,129		47,845,473
(c) savings deposits of Landes-Bausparkasse (LBS)				2,071		5,669
thereof:					56,744,120	51,915,325
for allocated contracts	770	(3,230)				
2. Liabilities to customers						
(a) saving deposits						
(aa) savings deposits with agreed notice of three months			82,205			77,172
(ab) savings deposits with agreed notice of more than three months			4,271			5,226
(ac) savings deposits of Landes-Bausparkasse			831,172			792,002
thereof:						
on terminated contracts	6,219	(5,348)				
on allocated contracts	15,158	(17,557)				
				917,648		
(b) other liabilities						
(ba) payable on demand			3,974,973			2,754,682
(bb) with agreed maturities or at agreed notice periods			23,373,613			20,777,620
				27,348,586		
				28,266,234		24,406,702
3. Liabilities of Investitionsbank relating to federal promotion programmes with agreed maturities or agreed notice periods of four years or more				500,328		507,482
4. Certificated liabilities						
(a) bonds issued				35,476,155		34,277,493
(b) other certificated liabilities				8,657,309		6,263,914
thereof:					44,133,464	40,541,407
money market instruments	8,647,363	(6,263,914)				
5. Trust liabilities				1,363,179		1,366,188
thereof:						
trust loans	1,228,617	(1,251,175)				
6. Other liabilities				684,014		741,984
7. Deferred income				384,447		400,449
8. Provisions						
(a) provisions for pensions and similar obligations				273,958		251,689
(b) tax provisions				57,712		149,129
(c) other provisions				121,911		132,236
				453,581		533,054
9. Interest equalization fund				923,106		954,824
10. Special reserve item				17,194		35,366
11. Subordinated debt				2,011,937		1,757,676
12. Profit-sharing rights				1,112,684		1,122,993
thereof:						
due in less than two years	51,129	(76,438)				
13. Fund for general banking risks				143,289		109,550
14. Equity capital						
(a) subscribed capital			1,376,492			1,008,993
(b) capital reserves						
appropriated reserves of Investitionsbank			1,083,066			1,031,244
				2,459,588		
(c) earnings reserves						
(ca) statutory reserves			391,000			310,000
(cb) statutory reserves of Landes-Bausparkasse			77,205			74,137
(cc) appropriated reserves of Investitionsbank			35,883			28,107
				504,088		
(d) Group reserves			1,089,706			1,020,550
(e) minority interests			148,974			148,316
(f) Group net retained earnings			79,695			70,485
				4,282,021		3,691,832
<i>Total liabilities</i>				<u>141,019,598</u>		<u>128,084,832</u>
1. Contingent liabilities from guarantees and indemnity agreements				7,080,622		4,182,890
2. Other commitments						
(a) placing and underwriting commitments				—		602
(b) irrevocable lending commitments				8,352,769		7,679,176

GROUP STATEMENT OF INCOME
FOR THE PERIOD FROM 1ST JANUARY, 2001 TO 31ST DECEMBER, 2001

	prev. year 2000			prev. year 2000		
	T€	T€	T€	T€	T€	T€
1. Interest income from						
(a) lending and money market transactions			7,515,279			6,842,013
thereof:						
interest income of Landes-Bausparkasse (LBS)						
from LBS loans	19,578	(20,001)				
from prefinance facilities and interim financing ..	50,681	(39,087)				
from other building loans	2,934	(2,352)				
(b) debt securities and other fixed income securities			1,839,912			1,786,227
				9,355,191		
2. Interest expense				8,557,015		7,978,057
thereof:					798,176	650,183
on savings deposits of Landes-Bausparkasse	22,518	(22,027)				
3. Other income						
(a) shares and other non-fixed income securities				70,953		86,258
(b) equity investments in non-affiliated companies				13,504		6,927
(c) equity investments in affiliated companies				13,607		5,432
					98,064	98,617
4. Income from profit-and-loss pooling agreements, profit transfer agreements and partial profit transfer agreements					1,790	2,276
5. Commission income				190,616		197,036
thereof:						
commission income of Landes-Bausparkasse						
on contracts signed and arranged	6,401	(6,281)				
from loans granted after allotment of building saving contracts	2,486	(2,475)				
from the allocation and administration of prefinance facilities and interim financings	6	(6)				
6. Commission expense				52,946		55,470
thereof:					137,670	141,566
commissions on contracts signed and arranged of Landes-Bausparkasse.. .. .	7,375	(7,557)				
7. Net income or expense from trading activities					57,985	27,310
8. Other operating income					227,907	118,475
9. Earnings from the liquidation of special reserve items ..					18,172	26,500
10. General administrative expenses						
(a) personnel expenses						
(aa) wages and salaries			192,792			164,064
(ab) social security contributions, retirement pensions and other benefits			69,562			65,558
thereof:				262,354		
for retirement pensions	41,292	(39,939)				
(b) other administrative expenses				185,721		157,656
					448,075	387,278
11. Depreciation of and adjustments to intangible and tangible fixed assets					48,645	37,998
12. Other operating expenses					120,755	131,156
13. Write-downs and value adjustments on loans and certain securities and additions to provisions for bad debt					278,365	146,294
14. Write-downs and value adjustments on equity investments in non-affiliated companies, affiliated companies and securities treated as fixed assets					12,559	13,517
15. Allocations to the fund for general banking risks					33,640	37,251
16. Expenses from loss transfers					2,918	298
					394,807	311,135
17. Results from normal business operations						
18. Taxes on income and revenue				51,199		130,938
19. Other taxes not shown under other operating expenses (item 12)				32,250		2,199
					83,449	133,137
20. Profits transferred under partial profit transfer agreements					137,397	93,674
21. Net income for the year					173,961	84,324
thereof:						
Landes-Bausparkasse	3,068	(3,068)				
22. Retained earnings carried forward from the previous year.					3,592	6,071
23. Allocation of net income to earnings reserves						
(a) statutory reserves of Landesbank					81,000	15,775
(b) statutory reserves of Landes-Bausparkasse					15,295	3,068
(c) appropriated reserves of Investitionsbank					-	691
(d) profit attributable to shareholders outside the Group ..					413	376
24. Minority interests					1,150	-
25. Group net retained earnings					79,695	70,485

LB SCHLESWIG-HOLSTEIN FINANCE B.V.

Incorporation, Duration and Domicile

LB Schleswig-Holstein Finance B.V. ("Finance"), a wholly-owned subsidiary of the Bank, was incorporated under Dutch law as a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) within the meaning of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) in Amsterdam on 7th July, 1986 for an unlimited period of time.

Finance has its registered office at Strawinskylaan 3111, 1077 ZX Amsterdam and its statutory seat is in Amsterdam. Finance is registered in the Commercial Register of the Chamber of Commerce and Industry in Amsterdam under No. 33-188-752.

Purpose and Activities

The primary purposes of Finance are to finance the activities of the Bank and of subsidiaries and affiliates of the Bank. Finance raises funds, through, *inter alia*, the issuance of bonds and notes, and lends such funds to other entities of Landesbank Schleswig-Holstein Girozentrale and its subsidiaries (the "Group").

Capitalisation

The authorised capital of Finance is EUR 100,000, divided into 200 registered shares of EUR 500 each; 40 of which are issued and fully paid shares.

The following table shows the unaudited capitalisation of Finance as of 30th June, 2002:

	EUR
Shareholders' Equity	
Ordinary shares, EUR 500 par value, 40 shares issued and outstanding	20,000
Retained earnings	1,984,802
Net result as per 30th June, 2002	194,933
	<hr/> 2,199,735
Long-term debt ⁽¹⁾	
DM 500,000,000 5.625% Bonds due 2007	255,645,941
DM 500,000,000 5.25% Bonds due 2004	255,645,941
	<hr/> 511,291,882
Total Capitalisation	<hr/> <hr/> 513,491,617

Notes:

(1) All long-term debt of Finance is guaranteed by the Bank.

There has been no material change in the capitalisation of Finance since 30th June, 2002.

Management

The management of Finance is conducted by a Managing Board consisting of two or more members. Members of the Managing Board are elected by the general meeting of the shareholders of Finance and may be recalled from this position at any time. Finance may be legally represented by two Managing Directors acting jointly.

The current Managing Board is composed of the following members:

Mr. Th. Spijkerman

Mr. J. R. baron de Vos van Steenwijk

Mr. H. J. Wirix

Supervisory Board

The Supervisory Board has the duty and authority to supervise the policy of the Managing Board and the general course of affairs of Finance and the business conducted therewith. The Supervisory Board, which consists of one or more members, is elected by the general meeting of the shareholders and is currently composed of the following member:

Mr. R. K. J. Lemor

General Meeting of the Shareholders

The annual general meeting of the shareholders must be held in Amsterdam, Rotterdam or Schiphol, the Netherlands, within six months following the end of each fiscal year. Each share is entitled to one vote. The most recent general meeting of the shareholders was held in Amsterdam on 20th March, 2002.

Financial Statements and Distribution of Profits

Finance's fiscal year coincides with the calendar year. The annual general meeting of the shareholders determines the use of the annual surplus. A dividend was declared for the fiscal year ended 31st December, 2001, in the amount of EUR 1,500,000 which is payable with value as of 20th March, 2002.

LB SCHLESWIG-HOLSTEIN FINANCE B.V.

BALANCE SHEET

The following non-consolidated financial statements of Finance have been extracted without material adjustment from the audited financial statements of Finance for the financial years ended 31st December, 2001 and 31st December, 2000.

	<i>As at 31st December, 2001</i>	<i>As at 31st December, 2000</i>
	€	€
FIXED ASSETS		
Loans receivable from group companies	511,291,881.20	511,291,881.20
Capitalised issue expenditure	5,837,829.35	7,462,580.27
Total fixed assets	<u>517,129,710.55</u>	<u>518,754,461.47</u>
CURRENT ASSETS		
Loans receivable from group companies	–	242,990,654.21 ¹
Cash at banks and in hand	1,894,830.91	1,381,208.64
Interest receivable from group companies	10,265,995.34	10,471,254.96
Other receivables	15,222.96	13,011.64
Total current assets	<u>12,176,049.21</u>	<u>254,856,129.45</u>
Total assets	<u>529,305,759.76</u>	<u>773,610,590.92</u>
CURRENT LIABILITIES		
Notes	–	242,990,654.21 ¹
Interest payable	9,946,224.88	10,090,129.35
Accounts payable	221,068.12	246,263.97
Taxes payable	53,028.71	80,252.36
Total current liabilities	<u>10,220,321.71</u>	<u>253,407,299.89</u>
LONG-TERM LIABILITIES		
Notes	511,291,881.20	511,291,881.20
Premium on notes	3,446,178.21	4,403,109.49
Discount on loans	2,342,576.28	2,997,515.24
Total long-term liabilities	<u>517,080,635.69</u>	<u>518,692,505.93</u>
Total liabilities	<u>527,300,957.40</u>	<u>772,099,805.82</u>
Current assets less liabilities	<u>(515,124,908.19)</u>	<u>(517,243,676.37)</u>
Assets less liabilities	<u>2,004,802.36</u>	<u>1,510,785.10</u>
SHAREHOLDERS' EQUITY		
Share capital	20,000.00	18,151.21
Retained earnings	1,492,633.90	1,024,930.19
Result for the period	492,168.46	467,703.70
	<u>2,004,802.36</u>	<u>1,510,785.10</u>

(1) On 9th September, 2000, the B.V. issued YEN 26 billion (EUR 242,990,654.21) Notes due November 2001. The proceeds of such YEN 26 billion (EUR 242,990,654.21) Notes were on-lent as a loan within the Group. On 9th November, 2001, the YEN 26 billion (EUR 242,990,654.21) Notes matured and the corresponding loan was repaid by the respective member of the Group. On the balance sheet for the year ended 31st December, 2000, as displayed in the Information Memorandum dated 11th September, 2001, the Notes and the corresponding loan had been classified as a long-term liability and a fixed asset, respectively. Such classification of the Notes and the loan was, retrospectively, adjusted to reflect them as a current liability and a current asset, respectively, owing to what, in fact, had been a short-term maturity at the time.

LB SCHLESWIG-HOLSTEIN FINANCE B.V.
PROFIT AND LOSS ACCOUNT

	<i>As at 31st December, 2001</i>	<i>As at 31st December, 2000</i>
	<u>€</u>	<u>€</u>
Income		
Interest on loans	29,886,192.09	29,689,532.19
Interest income on bank accounts	55,332.86	34,269.89
Premium income	956,931.28	919,438.88
Discount income	654,938.96	654,938.96
	<u>31,553,395.19</u>	<u>31,298,179.92</u>
Expenses		
Interest expenses notes	28,642,657.19	28,503,638.98
Amortisation issue-expenditure	1,624,750.92	1,587,258.52
Aval provision	447,783.20	426,591.42
Management fees	23,523.96	22,677.50
Supervisory fees	2,556.45	4,090.32
Legal fees	15,696.58	–
Travel expenses	123.74	977.37
General & administrative costs	3,935.60	4,006.88
Professional fees	21,725.37	12,116.15
Office rent	10,224.00	7,851.00
Bank charges	850.51	732.10
	<u>30,793,827.52</u>	<u>30,569,940.24</u>
Net financial income	759,567.67	728,239.68
Exchange gain/(loss)	(4,122.20)	(15,748.33)
Result before taxes	755,445.47	712,491.35
Capital tax	(10.17)	–
Corporation tax	(263,266.84)	(244,787.65)
	<u>492,168.46</u>	<u>467,703.70</u>

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Bank and Finance believe to be reliable, but none of the Bank, Finance nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedure of the relevant Clearing System. None of the Bank, Finance nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "Subscription and Sale and Transfer and Selling Restrictions".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment

in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants's account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Programme Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bank, Finance, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The information below is not intended as tax advice and it does not purport to describe all the tax considerations that may be relevant to a prospective purchaser of Notes and/or Coupons. Prospective purchasers are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Notes and/or Coupons.

The Netherlands

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes, which term, for the purpose of this summary, includes Coupons, Receipts and Talons. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Information Memorandum, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address the Netherlands tax consequences of a Noteholder, who holds a substantial interest (aanmerkelijk belang) in one or more of the Issuers, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Noteholder holds a substantial interest in an Issuer, if such Noteholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of an Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of an Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in an Issuer. For the purpose of this summary, the term Issuer includes the Substituted Debtor.

For the purpose of the principal Netherlands tax consequences described herein, we have assumed that neither the Bank nor any Substituted Debtor is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes.

Withholding Tax

No Netherlands withholding tax is due upon payments on the Notes provided that the Notes do not in fact have the function of equity of Finance within the meaning of Article 10(1)(d) of the Corporate Income Tax Act 1969.

Corporate Income Tax and Individual Income Tax

Residents of the Netherlands

If the Noteholder is subject to Netherlands corporate income tax and the Notes are attributable to its (deemed) business assets, income derived from the Notes and gains realised upon the redemption and disposal of the Notes are generally taxable.

If the Noteholder is an individual, resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual Noteholder who has opted to be taxed as a resident of the Netherlands), the income derived from the Notes and the gains realised upon the redemption and disposal of the Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Noteholder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Notes that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*).

If the above-mentioned conditions (i) or (ii) do not apply to the individual Noteholder, the actual income derived from the Notes and the actual gains realised with respect to the Notes will not be taxable. Instead, such Noteholder will be taxed at a flat rate of 30 per cent. on deemed income from “savings and investments” (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4 per cent. of the average of the individual’s “yield basis” (*rendementsgrondslag*) within the meaning of Section 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual’s yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The fair market value of the Notes will be included in the individual’s yield basis.

Non-residents of the Netherlands

A Noteholder that is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor, if she or he is an individual, has opted to be taxed as a resident of the Netherlands) is not taxable in respect of income derived from the Notes and gains realised upon the redemption and disposal of the Notes, unless:

- (i) the Noteholder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which enterprise the Notes are attributable; or
- (ii) the Noteholder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable; or
- (iii) the Noteholder is an individual and such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in the Netherlands with respect to the Notes that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a Noteholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Non-residents of the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of gift by, or as a result of the death of, a Noteholder who is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, unless:

- (i) such Noteholder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which Netherlands enterprise or part thereof, as the case may be, the Notes are or were attributable; or
- (ii) the Notes are or were attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or
- (iii) in the case of a gift of the Notes by an individual who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death being a resident or deemed to be a resident of the Netherlands.

Other Taxes and Duties

No Netherlands capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a Noteholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

Federal Republic of Germany

The following is a general discussion of certain German income tax consequences of the acquisition and ownership of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws (including tax treaties) currently in force and as applied on the date of this Information Memorandum, which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSAL OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Tax Residents

Payments of interest on the Notes, including interest having accrued up to the sale of a Note and credited separately ("Accrued Interest") to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. thereon). Such interest is also subject to trade tax if the Notes form part of the property of a German trade or business.

Upon maturity of a Note the initial subscriber to a Note receives, in addition to, or, as in the case of a zero coupon Note, instead of the current interest on the Note, taxable investment income in an amount equal to the difference between the issue price of the Note and the redemption amount ("Original Issue Discount") if the Original Issue Discount exceeds certain thresholds. Provided that the Note can be classified as a financial innovation (*Finanzinnovation*) under German tax law, including, among other things, zero coupon Notes or discounted Notes, and is purchased or disposed of while outstanding, the Original Issue Discount to the extent attributable to the period over which the holder of a Note has held such Note or, alternatively, the difference between the proceeds from the sale or redemption and the purchase price is subject to personal or corporate income tax in the year of the sale or maturity of the Note, unless the Notes form part of the property of a German trade or business, in which case the annual increase in value of the Note, as calculated at the time of their acquisition, must be taken into account *pro rata temporis* as interest income and is also subject to trade tax.

Capital gains from the disposal of Notes, other than income from Original Issue Discount, as defined above, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition or form part of the property of a German trade or business, in which case the capital gains are also subject to trade tax. Capital gains derived by German resident corporate holders of the Notes will be subject to corporate income tax (plus solidarity surcharge at a rate of 5.5 per cent. thereon) and trade tax.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German financial or financial services institution (the "Disbursing Agent") a 30 per cent. withholding tax on interest payments (*Zinsabschlagsteuer*), plus 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65 per cent. of the gross interest payment. Withholding tax on interest is also imposed on accrued interest. If the Notes qualify as financial innovations, as explained above, and are kept in a custodial account which the Noteholder maintains with a Disbursing Agent such custodian will generally withhold tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) from the difference between the issue or purchase price of the Notes and the redemption amount or sales proceeds if the Noteholder has kept the Note in the custodial account since the time of issuance or acquisition, respectively. Otherwise the 30 per cent. withholding tax is applied to 30 per cent. of the amounts paid in partial or final redemption of the Notes or the proceeds from the sale of the Notes, respectively.

In computing the tax to be withheld it may deduct from the basis of the withholding tax any accrued interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no withholding tax will be levied if the holder of a Note is an individual (i) whose Note does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent of the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the face of the withholding certificate.

Withholding tax and solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the Noteholder to a refund, based on an assessment to tax.

Non-residents

Interest, including accrued interest and Original Issue Discount and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative or a fixed base maintained in Germany by the Noteholder or (ii) the interest income otherwise constitutes German-source income (such as income from the letting and leasing of certain German-situs property). In the latter case a tax regime similar to that explained above at “Tax Residents” applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Non-residents of Germany are, in general, exempt from German withholding tax on interest and solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above at “Tax Residents”.

Gift and Inheritance Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Stamp Duty

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

Proposed EU Savings Directive

On 13th December, 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and/or clarification.

Noteholders who are individuals should note that, if this revised draft is adopted in its current form, the provisions relating to additional amounts, referred to in Condition 8 of the Terms and Conditions of the Euro Notes and Condition 6 of the Terms and Conditions of the German Notes, will not apply in respect of any withholding tax imposed as a result thereof.

United States Taxation

This section describes the material United States federal income tax consequences of owning and disposing of the Notes described in this Information Memorandum. It applies only to persons that acquire Notes in the offering and hold the Notes as capital assets for tax purposes. This section does not apply to a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes, or
- a person whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with Notes that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning Notes that are due to mature more than 30 years from their date of issue will be discussed in an applicable Pricing Supplement.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Prospective purchasers are urged to consult their own tax advisor concerning the consequences of owning and disposing of these Notes in their particular circumstances under the Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. A United States holder is a beneficial owner of a Note that is:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

This subsection does not apply to purchasers that are not United States holders. Purchasers that are not United States holders should refer to the subsection “— United States Alien Holders” below.

Payments of Interest

Except as described below in the case of interest on a discount Note that is not qualified stated interest, each as defined below under “Original Issue Discount — General”, a United States Holder will be taxed on any interest on its Note, whether payable in U.S. dollars or a foreign currency, including a composite currency or basket of currencies other than U.S. dollars, as ordinary income at the time the holder receives the interest or when it accrues, depending on the holder's method of accounting for tax purposes.

Interest paid by the relevant Issuer on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) constitutes income from sources outside the United States, and, with certain exceptions, will be “passive” or “financial services” income, which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to a United States holder.

Cash Basis Taxpayers. A United States holder that uses the cash receipts and disbursements method of accounting for tax purposes and receives an interest payment that is denominated in, or determined by reference to, a foreign currency, must recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the holder actually converts the payment into U.S. dollars.

Accrual Basis Taxpayers. A United States holder that uses an accrual method of accounting for tax purposes may determine the amount of income recognized with respect to an interest payment denominated in, or

determined by reference to, a foreign currency by using one of two methods. Under the first method, the United States holder will determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

A United States holder that elects the second method would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, a United States holder that receives a payment of interest within five business days of the last day of the holder's accrual period or taxable year may instead translate the interest accrued on the Note into U.S. dollars at the exchange rate in effect on the day that the interest payment is actually received. A United States holder that elects the second method will apply the method to all debt instruments that the holder holds at the beginning of the first taxable year to which the election applies and to all debt instruments that the holder subsequently acquires. This election may not be revoked without the consent of the Internal Revenue Service.

When a United States holder actually receives an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note, denominated in, or determined by reference to, a foreign currency for which the holder accrued an amount of income, the holder will recognize ordinary income or loss measured by the difference, if any, between the exchange rate used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the payment was actually converted into U.S. dollars.

Original Issue Discount

General. A Note, other than a short-term Note with a term of one year or less, will be treated as a discount Note issued at an original issue discount if the amount by which the Note's stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount. Generally, a Note's issue price will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A Note's stated redemption price at maturity is the total of all payments provided by the Note that are not payments of qualified stated interest. Generally, an interest payment on a Note is qualified stated interest if it is one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Note. There are special rules for variable rate Notes that are discussed under "—Variable Rate Notes".

In general, a Note is not a discount Note if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of $\frac{1}{2}$ of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. A Note will have *de minimis* original issue discount if the amount of the excess is less than the *de minimis* amount. If a Note has *de minimis* original issue discount, a United States holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the holder makes the election described below under "—Election to Treat All Interest as Original Issue Discount". The includable amount with respect to each such payment is determined by multiplying the total amount of a Note's *de minimis* original issue discount by a fraction equal to:

- the amount of the principal payment made

divided by:

- the stated principal amount of the Note.

Generally, if a discount Note matures more than one year from its date of issue, a United States holder must include original issue discount, or OID, in income before the holder receives cash attributable to that income. The amount of OID that must be included in income is calculated using a constant-yield method, and a United States holder generally will include increasingly greater amounts of OID in income over the life of the Note. More specifically, the amount of OID that must be included in income can be calculated by adding the daily portions of OID with respect to a discount Note for each day during the taxable year or portion of the taxable year that the United States holder holds the discount Note. The daily portion can be calculated by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. A United States holder may select an accrual period of any length with respect to a discount Note and may vary the length of each accrual period over the term of the discount Note. However, no accrual period may be longer than one year and each scheduled

payment of interest or principal on the discount Note must occur on either the first or final day of an accrual period.

The amount of OID allocable to an accrual period can be determined by:

- multiplying the discount Note's adjusted issue price at the beginning of the accrual period by the Note's yield to maturity, and then
- subtracting from this figure the sum of the payments of qualified stated interest on the Note allocable to the accrual period.

The discount Note's yield to maturity must be determined on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, the discount Note's adjusted issue price is determined at the beginning of any accrual period by:

- adding the discount Note's issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on the discount Note that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on a discount Note contains more than one accrual period, then the amount of OID allocable to an accrual period is determined by allocating the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, *pro rata* to each accrual period in the interval based on their relative lengths. In addition, the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. The amount of OID allocable to an initial short accrual period may be computed by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of the Note, other than any payment of qualified stated interest, and
- the Note's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If a United States holder purchases a Note for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on the Note after the purchase date but is greater than the amount of the Note's adjusted issue price (as determined above under "— General"), the excess is acquisition premium. Unless the election described below under "— Election to Treat All Interest as Original Issue Discount" is made, the daily portions of OID must be reduced by a fraction equal to:

- the excess of the adjusted basis in the Note immediately after purchase over the adjusted issue price of the Note

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the Note after the purchase date over the Note's adjusted issue price.

Pre-Issuance Accrued Interest. A United States holder may elect to decrease the issue price of a Note by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of the Note is attributable to pre-issuance accrued interest,
- the first stated interest payment on the Note is to be made within one year of the Note's issue date, and
- the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

Notes Subject to Contingencies Including Optional Redemption. A Note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, the yield and maturity of the Note must be determined by assuming that the payments will be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, income on the Note must be included in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable Pricing Supplement.

Notwithstanding the general rules for determining yield and maturity, if a Note is subject to contingencies, and either the United States holder or the relevant Issuer have an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then:

- in the case of an option or options that the Issuer may exercise, the Issuer will be deemed to exercise or not to exercise an option or combination of options in the manner that minimizes the yield on the Note and
- in the case of an option or options that the holder may exercise, the holder will be deemed to exercise or not to exercise an option or combination of options in the manner that maximizes the yield on the Note.

If both the United States holder and the Issuer hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. The United States holder may determine the yield on its Note for the purposes of those calculations by using any date on which the Note may be redeemed or repurchased as the maturity date and the amount payable on the date that the holder chooses in accordance with the terms of its Note as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of the Note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, the United States holder must redetermine the yield and maturity of its Note by treating the Note as having been retired and reissued on the date of the change in circumstances for an amount equal to the Note's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. A United States holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “— General”, with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium, described below under “— Notes Purchased at a Premium,” or acquisition premium.

If a United States holder makes this election for its Note, then, when the holder applies the constant-yield method:

- the issue price of the Note will equal the holder's cost,
- the issue date of the Note will be the date the holder acquired it, and
- no payments on the Note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Note for which it is made; however, if the Note has amortizable bond premium, a United States holder will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that the holder holds as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if the holder makes this election for a market discount Note, the holder will be treated as having made the election discussed below under “— Market Discount” to include market discount in income currently over the life of all debt instruments that the holder currently owns or later acquires. Any election to apply the constant-yield method to all interest on a Note, or the deemed elections with respect to amortizable bond premium or market discount Notes, may not be revoked without the consent of the Internal Revenue Service.

Variable Rate Notes. A Note will be a variable rate Note if:

- Note's issue price does not exceed the total noncontingent principal payments by more than the lesser of:

- .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
- 15 percent of the total noncontingent principal payments; and
- the Note provides for stated interest, compounded or paid at least annually, only at:
 - one or more qualified floating rates,
 - a single fixed rate and one or more qualified floating rates,
 - a single objective rate, or
 - a single fixed rate and a single objective rate that is a qualified inverse floating rate.

The Note will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated; or
- the rate is equal to such a rate multiplied by either:
 - a fixed multiple that is greater than 0.65 but not more than 1.35 or
 - a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate;

and the value of the rate on any date during the term of the Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day. If the Note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate.

The Note will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

The Note will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate,
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of any of the Issuers or a related party, and
- the value of the rate on any date during the term of the Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

The Note will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

The Note will also have a single qualified floating rate or an objective rate if interest on the Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if a variable rate Note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on the Note is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating

rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for the Note.

If a variable rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, the interest and OID accruals on the Note generally must be determined by:

- determining a fixed rate substitute for each variable rate provided under the variable rate Note,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

In determining the fixed rate substitute for each variable rate provided under the variable rate Note, a United States holder generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Note.

If a variable rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, interest and OID accruals generally must be determined by using the method described in the previous paragraph. However, a variable rate Note will be treated, for purposes of the first three steps of the determination, as if the Note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of the variable rate Note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Notes. In general, an individual or other cash basis United States holder of a short-term Note is not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless the holder elects to do so (although it is possible that the holder may be required to include any stated interest in income as it is received). An accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects will be required to accrue OID on short-term Notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If a United States holder is not required and does not elect to include OID in income currently, any gain realized on the sale or retirement of the holder's short-term Note will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis unless the holder makes an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, a holder that is not required and does not elect to accrue OID on its short-term Notes will be required to defer deductions for interest on borrowings allocable to the short-term Notes in an amount not exceeding the deferred income until the deferred income is realized.

To determine the amount of OID subject to these rules, a United States holder must include all interest payments on its short-term Note, including stated interest, in the short-term Note's stated redemption price at maturity.

Foreign Currency Discount Notes. The amount of OID of a discount Note that is denominated in, or determined by reference to, a foreign currency must be determined for any accrual period in the foreign currency and then be translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States holder, as described above under "Payments of Interest". A United States holder may recognize ordinary income or loss when the holder receives an amount attributable to OID in connection with a payment of interest or the sale or retirement of such a Note.

Market Discount

A Note, other than a short-term Note, is treated as purchased at a market discount, and the Note will be a market discount Note if:

- the Note is purchased for less than its issue price as determined above under "Original Issue Discount — General" and

- the difference between the Note's stated redemption price at maturity or, in the case of a discount Note, the Note's revised issue price, and the price paid for the Note is equal to or greater than $\frac{1}{4}$ of 1 percent of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. To determine the revised issue price of a Note for these purposes, any OID that has accrued on the Note is generally added to its issue price.

If the Note's stated redemption price at maturity or, in the case of a discount Note, its revised issue price, exceeds the price paid for the Note by less than $\frac{1}{4}$ of 1 percent multiplied by the number of complete years to the Note's maturity, the excess constitutes *de minimis* market discount, and the rules discussed below are not applicable.

A United States holder must treat any gain recognized on the maturity or disposition of a market discount Note as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a United States holder may elect to include market discount in income currently over the life of the Note. This election would apply to all debt instruments with market discount that the United States holder acquires on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service. A United States holder that owns a market discount Note and does not make this election generally will be required to defer deductions for interest on borrowings allocable to the Note in an amount not exceeding the accrued market discount on the Note until the Note's maturity or disposition.

Market discount on a market discount Note will be accrued on a straight-line basis unless an election is made to accrue market discount using a constant-yield method. This election would apply only to the Note with respect to which it is made by a holder and may not be revoked.

Notes Purchased at a Premium

A United States holder that purchases a Note for an amount in excess of its principal amount may elect to treat the excess as amortizable bond premium. This election would reduce the amount required to be included in income each year with respect to interest on the Note by the amount of amortizable bond premium allocable to that year, based on the Note's yield to maturity. If the Note is denominated in, or determined by reference to, a foreign currency, amortizable bond premium will be calculated and will reduce the interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time the amortized bond premium offsets interest income and the time of the acquisition of the Note generally is taxable as ordinary income or loss. An election to amortize bond premium would apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that the United States holder holds at the beginning of the first taxable year to which the election applies or that the holder thereafter acquires, and may not be revoked without the consent of the Internal Revenue Service. See also "Original Issue Discount — Election to Treat All Interest as Original Issue Discount".

Purchase, Sale and Retirement of the Notes

A United States holder's tax basis in its Note will generally be the U.S. dollar cost, as defined below, of the Note, adjusted by:

- adding any OID or market discount, *de minimis* original issue discount and *de minimis* market discount previously included in income with respect to the Note, and then
- subtracting any payments on the Note that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on the Note.

The U.S. dollar cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase. However, the U.S. dollar cost of a Note that is held by a cash basis taxpayer, or an accrual basis taxpayer that so elects, and that is traded on an established securities market, as defined in the applicable Treasury regulations, will be the U.S. dollar value of the purchase price on the settlement date of purchase.

A United States holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount the holder realizes on the sale or retirement and the holder's tax basis in the Note. The amount realized on a sale or retirement of a Note for an amount in foreign currency will be the U.S. dollar value of such amount on:

- the date payment is received, if the holder is a cash basis taxpayer and the Notes are not traded on an established securities market, as defined in the applicable Treasury regulations,

- the date of disposition, if the holder is an accrual basis taxpayer, or
- the settlement date for the sale, if the holder is a cash basis taxpayer, or an accrual basis taxpayer that so elects, and the Notes are traded on an established securities market, as defined in the applicable Treasury regulations.

Capital gain or loss is recognized on a sale or retirement of a Note, except to the extent:

- described above under “Original Issue Discount — Short-Term Notes” or “Market Discount”,
- attributable to accrued but unpaid interest,
- the rules governing contingent payment obligations apply, or
- attributable to changes in exchange rates as described below.

Capital gain of a noncorporate United States holder is generally taxed at a maximum rate of 20% where the property is held more than one year, and 18% where the property is held for more than five years.

Any portion of the gain or loss recognized on the sale or retirement of a Note must be treated as ordinary income or loss to the extent attributable to changes in exchange rates. However, exchange gain or loss will be taken into account only to the extent of the total gain or loss realized on the transaction.

Exchange of Amounts in Other Than U.S. Dollars

A United States holder that receives foreign currency as interest on its Note or on the sale or retirement of its Note has a tax basis in the foreign currency equal to its U.S. dollar value when the interest is received or at the time of the sale or retirement. A United States holder that purchases foreign currency generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Gain or loss recognized by a United States holder that sells or disposes of foreign currency, including a disposition to purchase Notes or an exchange for U.S. dollars, generally will be ordinary income or loss.

Indexed Notes

The applicable Pricing Supplement will discuss any special United States federal income tax rules with respect to Notes the payments on which are determined by reference to any index and other Notes that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate Notes.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder. A United States alien holder is any beneficial owner of a Note that is, for United States federal income tax purposes:

- a nonresident alien individual,
- foreign corporation,
- a foreign partnership, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Note.

This subsection does not apply to a United States holder.

Payments of Interest. Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, interest on a Note paid to a United States alien holder is exempt from United States federal income tax, including withholding tax, whether or not the holder is engaged in a trade or business in the United States, unless the holder:

- is an insurance company carrying on a United States insurance business to which the interest is attributable, within the meaning of the Internal Revenue Code, or
- has an office or other fixed place of business in the United States to which the interest is attributable and derives the interest in the active conduct of a banking, financing or similar business within the United States.

Purchase, Sale, Retirement and Other Disposition of the Notes. A United States alien holder of a Note generally will not be subject to United States federal income tax on gain realized on the sale, exchange or retirement of a Note unless:

- the gain is effectively connected with the holder's conduct of a trade or business in the United States or
- the holder is an individual and is present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

For purposes of the United States federal estate tax, the Notes will be treated as situated outside the United States and will not be includable in the gross estate of a holder who is neither a citizen nor a resident of the United States at the time of death.

Backup Withholding and Information Reporting

United States Holder. A noncorporate United States holder generally will be subject to information reporting requirements, on Internal Revenue Service Form 1099, with respect to:

- payments of principal and interest on a Note within the United States, including payments made by wire transfer from outside the United States to an account the holder maintains in the United States, and
- the payment of the proceeds from the sale of a Note effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments to a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service to have failed to report all interest and dividends required to be shown on its federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

United States Alien Holder. A United States alien holder generally is exempt from backup withholding and information reporting requirements with respect to:

- payments of principal and interest made to the holder outside the United States by any Issuer or another non-United States payor and
- other payments of principal and interest and the payment of the proceeds from the sale of a Note effected at a United States office of a broker, as long as the income associated with such payments is otherwise exempt from United States federal income tax, and:
 - the payor or broker does not have actual knowledge or reason to know that the holder is a United States person and the holder has furnished to the payor or broker:
 - an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which the holder certifies, under penalties of perjury, that it is a non-United States person, or
 - other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person in accordance with U.S. Treasury regulations, or
 - the holder otherwise establishes an exemption.

Payment of the proceeds from the sale of a Note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a Note that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by the holder in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to the holder at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that the holder is a United States person and the documentation requirements described above are met or an exemption is otherwise established.

In addition, a sale of a Note effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
 - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
 - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that the holder is a United States person and the documentation requirements described above are met or an exemption is otherwise established. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that the holder is a United States person.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in an amended and restated programme agreement (the “Programme Agreement”, which expression shall include the same as amended or supplemented from time to time) dated 12th September, 2002, agreed with the Bank and Finance a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Euro Notes” and “Terms and Conditions of the German Notes” above. In the Programme Agreement, the Bank and Finance have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Pricing Supplement and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchase will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) of Registered Notes.

United States

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

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Regulation S Notes are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Regulation S Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

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

Each issue of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer or Dealers shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) in relation to any Notes issued by Finance which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by Finance;
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to Finance or, in the case of the Bank, would not, if it was not an authorised person, apply to the Bank; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

France

Each of the Dealers, the Bank and Finance has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Information Memorandum or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) as defined in articles L.411-1 and L.411-2 of the *Code Monétaire et Financier* and *décret* no. 98-880 dated 1st October, 1998.

Investors in France may only participate in an issue of Notes for their own account in accordance with the conditions set out in *décret* no. 98-880 dated 1st October, 1998.

Germany

In connection with the initial placement of any Notes in Germany, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer and sell Notes only in accordance with the German Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) (the “Act”).

If the Issuer is the Bank, Notes will be issued under the “frequent issuer” (*Dauer-Emittent*) exemption pursuant to section 3(2)(a) of the Act and, accordingly, no further sales prospectus (“*Wertpapier-Verkaufsprospekt*”) will need to be published.

In the case of Notes issued by Finance (i) unless otherwise provided in the relevant subscription agreement or the applicable Pricing Supplement, such Notes will be sold only for an aggregate purchase price per purchaser of at least euro 40,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) where the Issuer is Finance, except in circumstances where one of the exceptions in Article 3 of the Securities Transactions Supervision Act 1995 (“*Wet toezicht effectenverkeer 1995*”, the “STSA”) or one of the exemptions or a dispensation under or pursuant to Article 4 of the STSA is applicable, in respect of all Notes issued by Finance with a denomination below euro 50,000 (or the equivalent thereof in another currency), it has not directly or indirectly offered and will not, directly or indirectly, offer any of such Notes (including rights representing an interest in a Global Note) in or outside the Netherlands to any person or entity other than persons or entities which trade or invest in securities in the conduct of a profession or business within the meaning of the STSA and its implementing regulations (“Professional Market Parties”, which includes banks, brokers, securities institutions, insurance companies, investment institutions, other institutional investors and treasury departments and finance companies of large commercial enterprises); and
- (b) where the Issuer is the Bank, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered and will not, directly or indirectly, offer any Notes issued by the Bank in the Netherlands as part of their initial distribution or offer any Notes issued by the Bank for reoffering, directly or indirectly in the Netherlands other than to Professional Market Parties, except (i) Notes with a denomination of at least euro 50,000 or its equivalent in other currencies, or (ii) in circumstances where one of the exceptions in Article 3 of the STSA or one of the other exemptions or a dispensation under or pursuant to Article 4 of the STSA is applicable; and
- (c) in addition to (a) and (b) above and regardless of their denomination, it will not transfer or accept bearer Zero Coupon Notes or other Notes if and to the extent that the same are savings certificates (“*spaarbewijzen*”) as defined in the Netherlands Savings Certificates Act (“*Wet inzake spaarbewijzen*”, the “SCA”) unless such transfer and acceptance is done through the mediation of either the relevant Issuer or a member of Euronext Amsterdam N.V. The SCA does not apply to (i) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, (ii) the initial issue of such Notes to the first holders thereof, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands or to residents of the Netherlands in the course of primary trading. If the SCA is applicable, each transaction must be effected through the relevant Issuer or a member of Euronext Amsterdam N.V. and must be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. In addition, certain identification requirements apply. The obligation to record each transaction in a transaction note must be indicated in a legend printed on such Notes provided that such Notes are not listed on the stock market of Euronext Amsterdam N.V. and no reference may be made in publications concerning the Notes to the words “to bearer”.

(1) Wording in square brackets only in the case of Paris Listed Notes.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief having made all reasonable enquiries) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Bank, Finance and any other Dealer shall have any responsibility therefor.

None of the Bank, Finance and any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such sale.

With regard to each Tranche, the Dealer(s) will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

The establishment of the Programme, and the issue of Notes by the Bank under the Programme has been authorised by resolutions of the Board of Management of the Bank dated 4th May, 1995. The update of the Programme has been duly authorised by a resolution of the Board of Management of the Bank dated 22nd July, 2002 and the increase of the Programme size to U.S.\$25,000,000,000 has been duly authorised by a resolution of the Board of Management of the Bank dated 17th July, 2002.

Listing of Notes on the Luxembourg Stock Exchange

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. For listing purposes, the Luxembourg Stock Exchange has allocated the number 9598 to the Programme. A legal notice relating to the Programme and the *Satzung* of the Bank and the Articles of Incorporation of Finance have been lodged with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined and copies obtained.

Listing of Notes on Euronext Paris

The following procedures will apply, *inter alia*, to Paris Listed Notes:

(i) *Commission des Opérations de Bourse* (COB)

Prior to listing of any Notes on Euronext Paris, a prospectus incorporating this Information Memorandum and referred to as the “*Document de Base*” is required to be submitted to, and approved by, the COB and a registration number granted by the COB with respect to it. In addition, the Pricing Supplement applicable to an issue of Notes is currently required to be approved at the time of the relevant issue. The relevant approval in relation to this Information Memorandum has not at the date of this Information Memorandum been granted by the COB and no registration number has been granted by the COB in relation to any *Document de Base*. The relevant approval in relation to each issue of Notes will be evidenced by the issue of a *visa* by the COB. The *visa* number will be disclosed in the applicable Pricing Supplement.

(ii) *Bulletin des Annonces Légales Obligatoires* (BALO)

Prior to the listing of any Notes on Euronext Paris, details of such Notes and of this Programme shall be published (in the form of a *notice légale*) in the BALO.

(iii) *Euronext Paris SA*

The listing of Notes on Euronext Paris is subject to approval by Euronext Paris. Such approval will be evidenced by publication in the *Bulletin* of Euronext Paris.

(iv) *Documents available for inspection*

In the case of Paris Listed Notes, the applicable Pricing Supplement will specify the additional places in Paris at which documents incorporated herein by reference (or otherwise required to be made available for inspection) may be inspected during normal business hours or received (free of charge). The Issuer will be required to undertake to make such documents available as so required.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered offices of the Bank and Finance and from the specified offices of the Paying Agents for the time being in London and Luxembourg and, so long as any of the Notes is listed on Euronext Paris, the specified office in Paris of the Paris Listing Agent:

- (i) the *Satzung* of the Bank, an excerpt from the commercial register (*Handelsregister*) of the district court of Kiel (HRA 3993) and the Articles of Incorporation of Finance;

- (ii) the consolidated and non-consolidated financial statements of the Bank in respect of the financial years ended 31st December, 2000 and 2001 and the audited financial statements of Finance in respect of the financial years ended 31st December, 2000 and 2001;
- (iii) the most recently published audited annual financial statements of the Bank, the most recently published audited annual consolidated financial statements of the Group, the most recently published (audited or unaudited, as the case may be) interim financial statements or summary financial information (if any) of the Bank, the most recently published audited annual financial statements of Finance (Finance does not publish consolidated financial statements) and the most recently published interim financial statements (if any) of Finance;
- (iv) the Programme Agreement, the Agency Agreement (which includes the forms of the Temporary Global Notes, the Permanent Global Notes, the Clearstream, Frankfurt Global Notes, the Definitive Notes, the Receipts, the Coupons, the Talons, the Deed of Covenant by the Bank, the Deed of Covenant by Finance, the Deed Poll, the Senior Guarantee, the Subordinated Guarantee, the Senior German Guarantee and the Subordinated German Guarantee);
- (v) a copy of this Information Memorandum;
- (vi) any future information memoranda, prospectuses, offering circulars and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Paying Agent or the Paris Listing Agent, as the case may be, as to the identity of such holder) to this Information Memorandum and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system (including Euroclear France) the appropriate information will be specified in the relevant Pricing Supplement. The appropriate German securities code for any Tranche of Clearstream, Frankfurt Notes will be specified in the relevant Pricing Supplement.

Material Change

Save as disclosed herein, there has been no material adverse change in the condition or general affairs, financial or otherwise, of the Bank or Finance since 31st December, 2001, the date of both their latest published audited accounts.

Litigation

Save as disclosed herein, neither the Bank nor Finance is involved in any legal, arbitration, administrative or other proceedings relating to claims or amounts which are material in the context of any issue of Notes, nor, so far as the Bank and/or Finance is/are aware, is any such litigation or arbitration being threatened.

Auditors

For each of the financial periods ended 31st December, 1999, 2000 and 2001, respectively, the auditors of the Bank were Wollert-Elmendorff Deutsche Industrie-Treuhand GmbH, who audited the Bank's accounts, without qualification, in accordance with generally accepted auditing standards in the Federal Republic of Germany for such periods.

For each of the financial periods ended 31st December, 1999, 2000 and 2001, respectively, the auditors of Finance were Deloitte & Touche Registeraccountants who audited Finance's accounts, without qualification, in accordance with generally accepted auditing standards in the Netherlands for such period.

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE

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PAYING AGENT

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TRANSFER AGENT

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REGISTRAR AND TRANSFER AGENT

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Corporate Trust and Agency Services
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To the Dealers as to German law

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To the Dealers as to Dutch law

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To the Dealers as to United States law

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To the Bank as to United States law

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