



**Banque Internationale
à Luxembourg**

DEXIA BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME

(Incorporated with limited liability in Luxembourg)

EUR 10,000,000,000

Programme for the issue of Euro Medium Term and Undated Notes and Warrants

On 9th November, 1995, Dexia Banque Internationale à Luxembourg, société anonyme (formerly Banque Internationale à Luxembourg S.A.) (the "Issuer", the "Bank" or "Dexia BIL") entered into a U.S.\$1,000,000,000 Programme for the issue of Euro Medium Term and Undated Notes and Warrants (the "Programme") and issued an offering circular on that date describing the Programme. The limit of the Programme was increased to U.S.\$2,000,000,000 on 8th November, 1996, to U.S.\$5,000,000,000 on 16th December, 1997, to U.S.\$8,000,000,000 on 21st February, 2005 and to Euro 10,000,000,000 on 3rd October, 2005.

Any Notes or Warrants (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein save that any Notes or Warrants issued which are to be consolidated and form a single series with a previous issue of Notes or Warrants shall be subject to the terms and conditions applicable to that previous issue of Notes or Warrants as set out in the prospectus applicable thereto.

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes that rank as senior obligations of the Issuer (the "Senior Notes"), medium term notes that rank as subordinated obligations of the Issuer (the "Subordinated Notes" and, together with the Senior Notes, the "Notes") and warrants or other similar instruments (the "Warrants"). The aggregate principal amount of Notes outstanding will not at any time exceed Euro 10,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities to approve this document as a base Prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes and Warrants issued under the Programme for the period of 12 months from the date of publication of this Prospectus to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "Regulated Market"). References in this Prospectus to Notes and Warrants being "listed" (and all related references) shall mean that such Notes and Warrants have been listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC. However, unlisted Notes and Warrants may be issued pursuant to the Programme. The relevant Final Terms (as defined on page 6) in respect of the issue of any Notes and the relevant Final Terms for the Warrants (as defined on page 11) in respect of the issue of any Warrants will specify whether or not such Notes or Warrants will be listed on the Official List of the Luxembourg Stock Exchange (or any other stock exchange(s)).

Each Tranche (as defined on page 6) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each, a "temporary Global Note") or a permanent global note in bearer form (each, a "permanent Global Note" and together with the temporary Global Notes, the "Global Notes"). Notes in registered form will be represented by registered certificates (each, a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series (as defined on page 6) of Notes. Each Tranche of Warrants in bearer form will be represented on issue by a temporary global warrant in bearer form (each, a "temporary Global Warrant"). Each Tranche of Warrants in book-entry form will be represented by a global warrant (each, a "Global Warrant", which expression does not include temporary Global Warrants). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg").

Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Certificates, temporary Global Warrants and Global Warrants will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form". Each temporary Global Warrant will be exchangeable in whole, but not in part, for definitive Warrants in bearer form 40 days after its issue date upon certification as to non-U.S. beneficial ownership. The purchase, transfer and exercise of Warrants in book-entry form may only be effected through an account at Euroclear or Clearstream, Luxembourg. Definitive Warrants in book-entry form will not be issued.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, it will be specified in the relevant Final Terms. Such rating will not necessarily be the same as ratings assigned to the Programme. A 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.

Moody's Investors Service Limited has assigned the following ratings to the Programme: Aa2 for Senior Notes having a maturity of one year or more; P-1 for Senior Notes having a maturity of less than one year; Aa3 for dated and undated Subordinated Notes.

Standard & Poor's Ratings Services, a division of the The McGraw-Hill Companies, Inc. has assigned the following ratings to the Programme: AA/A-1+ for Senior Notes; AA- for Senior Subordinated Notes; A+ for Junior Subordinated Notes.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

Dealers

**BNP PARIBAS
Citigroup
DEXIA Capital Markets
Goldman Sachs International
Merrill Lynch International
Morgan Stanley**

**CALYON Corporate and Investment Bank
Credit Suisse
Dresdner Kleinwort
JPMorgan
Mitsubishi UFJ Securities International plc
Nomura International**

**UBS Investment Bank
Arranger
Goldman Sachs International**

The date of this Prospectus is 14 December, 2006

Responsibility Statement

The Issuer accepts responsibility for the information given in the Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

General

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes or Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in "Summary of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes and Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Warrants may not at any time be offered, sold or delivered directly or indirectly in the United States or to, or for the account or benefit of, any U.S. person. Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, and no U.S. person may at any time purchase, trade or maintain a position in such Warrants unless otherwise specified in the relevant Final Terms for the Warrants. For a description of certain restrictions on offers and sales of Notes and Warrants and on distribution of this Prospectus, see "Plan of Distribution".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes or Warrants.

The Arranger and the Dealers (other than the Issuer in its capacity as Dealer) have not separately verified the information contained in this Prospectus. None of the Dealers (other than the Issuer in its capacity as Dealer) or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes or Warrants, as the case may be. Each potential purchaser of Notes or Warrants should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes or Warrants, as the case may be, should be based upon such investigation as it deems necessary. None of the Dealers (other than the Issuer in its capacity as Dealer) or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes or Warrants of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche of Notes the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes listed on the Official List of the Luxembourg Stock Exchange the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the

market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Stabilising activities are not permitted in respect of the Warrants.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “CHF” and “Swiss Francs” are to the lawful currency of Switzerland, to “EUR” and “euro” are to the currency introduced pursuant to Article 109I(4) of the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam and as further amended from time to time, to “DKK” are to Danish Krone, to “JPY” and “Japanese Yen” are to the lawful currency of Japan, to “GBP”, “Pounds Sterling” and “Sterling” are to the lawful currency of the United Kingdom, and to “U.S.\$”, “USD” and “U.S. dollars” are to the lawful currency of the United States.

TABLE OF CONTENTS

SUMMARY OF THE PROGRAMME.....	5
RISK FACTORS.....	14
GENERAL DESCRIPTION OF THE PROGRAMME	24
DOCUMENTS INCORPORATED BY REFERENCE	24
PROSPECTUS SUPPLEMENT	24
TERMS AND CONDITIONS OF THE SENIOR NOTES.....	26
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES	47
GENERAL CONDITIONS OF THE BOOK-ENTRY WARRANTS	68
GENERAL CONDITIONS OF THE BEARER WARRANTS	73
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	77
USE OF PROCEEDS	82
DEXIA BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME.....	83
CONSOLIDATED FINANCIAL HIGHLIGHTS.....	89
DEXIA GROUP	96
SELECTED AUDITED FINANCIAL INFORMATION OF THE DEXIA GROUP	98
PRESS RELEASE.....	101
TAXATION.....	117
PLAN OF DISTRIBUTION	120
FINAL TERMS.....	123
FORM OF FINAL TERMS FOR THE WARRANTS.....	134
GENERAL INFORMATION	136
REGISTERED OFFICE OF THE ISSUER.....	138

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes or Warrants should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an “EEA State”), the responsible persons may have civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes or Warrants, the applicable Final Terms or Final Terms for the Warrants. Words and expressions defined or used in “Terms and Conditions of the Senior Notes”, “Terms and Conditions of the Subordinated Notes”, “General Conditions of the Book-Entry Warrants” and “General Conditions of the Bearer Warrants” shall have the same meaning in this summary.

Information relating to the Issuer:

Dexia Banque Internationale à Luxembourg, société anonyme (“Dexia BIL”, “the Bank” or the “Issuer”), together with Dexia Banque Belgium S.A. in Belgium and Dexia Crédit Local in France, is a member of the European banking group Dexia (“Dexia Group” or “the Group”) which is one of the fifteen largest financial institutions listed on the stock market in the euro-zone according to Fininfo. Dexia BIL’s main business activities cover the fields of commercial banking, private banking, financial banking, asset management and investment fund administration services.

Dexia BIL was incorporated in Luxembourg on 8th March, 1856 in the form of a *société anonyme* (limited liability company), governed by Luxembourg law. Its registered office is located at 69, route d’Esch, Luxembourg, L-1470 Luxembourg, telephone number +352 45901. Dexia BIL is registered in the Luxembourg Register of Commerce and Companies under number B-6307.

Dexia BIL’s duration is unlimited.

The objects of Dexia BIL are to undertake all banking and financial operations of whatsoever kind, and, *inter alia*, to accept deposits from the public or any other person or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

Information relating to the Programme:

Issuer:	Dexia Banque Internationale à Luxembourg, société anonyme.
Description:	Programme for the issue of Euro Medium Term and Undated Notes and Warrants.
Size:	Up to €10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	Goldman Sachs International
Dealers:	BNP Paribas CALYON Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Dexia Banque Internationale à Luxembourg, société anonyme (Dexia Capital Markets) Dresdner Bank Aktiengesellschaft

Goldman Sachs International
J.P. Morgan Securities Ltd.
Merrill Lynch International
Mitsubishi UFJ Securities International plc
Morgan Stanley & Co. International Limited
Nomura International plc
UBS Limited

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches of Notes or Warrants or in respect of the whole Programme.

Information Relating to the Notes:

- Fiscal Agent:** Dexia Banque Internationale à Luxembourg, société anonyme.
- Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms (the “Final Terms”).
- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
- Form of Notes:** The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will initially be represented by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.
- Clearing Systems:** Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer and the relevant Dealer.
- Initial Delivery of Senior Notes:** On or before the issue date for each Tranche, if the relevant Global Note is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue

date for each Tranche, if the relevant Global Note is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Official List of the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Euroclear France, the method of such delivery has been agreed in advance by the Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Initial Delivery of Subordinated Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Euroclear France, the method of such delivery has been agreed in advance by the Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Maturities:

Subject to compliance with all relevant laws, regulations and directives, Senior Notes may have any maturity that is one month or greater and Subordinated Notes will have either (i) a maturity that is one month or greater (“Dated Notes”) or (ii) no scheduled maturity date (“Undated Notes”).

Under the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

Redenomination:

The relevant Final Terms may provide that certain Notes may be redenominated in EUR. If so, the wording of the redenomination clause will be set out in the relevant Final Terms.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency at the time of issue).

Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: <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 published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	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 may be specified in the relevant Final Terms.
Index-Linked Notes:	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 as may be specified in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
Redemption by Instalments:	The relevant Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or in a supplement to the Prospectus.
Optional Redemption:	The relevant Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, in the case of Senior Notes only, at the option of the holders, and if so the terms applicable to such redemption. Such redemption will be subject to the prior approval of the CSSF for Subordinated Notes.

Status of Notes:	Senior Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer all as described in “Terms and Conditions of the Senior Notes—Status” or “Terms and Conditions of the Subordinated Notes—Status”, as the case may be. Subordinated Notes may be issued as Upper Tier II or Lower Tier II Capital of the Issuer. Notes that are intended to constitute Lower Tier II Capital of the Issuer will have a minimum maturity of five years. Notes that are intended to constitute Upper Tier II Capital of the Issuer will either be Undated Notes or will be Dated Notes with a minimum maturity of five years in respect of which the maturity date may be postponed until the CSSF shall have agreed to their redemption.
Negative Pledge:	Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes—Negative Pledge”.
Cross Default:	Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes—Events of Default”.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. Such redemption will be subject to the prior approval of the CSSF for Subordinated Notes. See “Terms and Conditions of the Senior Notes—Redemption, Purchase and Options” or “Terms and Conditions of the Subordinated Notes—Redemption, Purchase and Options”, as the case may be.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Luxembourg subject to customary exceptions, all as described in “Terms and Conditions of the Senior Notes—Taxation” or “Terms and Conditions of the Subordinated Notes—Taxation”, as the case may be.
Governing Law:	Senior Notes denominated in EUR may be governed by Luxembourg law or English law, as specified in the relevant Final Terms. Subordinated Notes will be governed by Luxembourg law.
Listing:	The Luxembourg Stock Exchange and/or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions:	United States, EEA, United Kingdom, France, Germany, Japan, The Netherlands. See “Plan of Distribution”. The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Ratings:

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the ratings will be specified in the relevant Final Terms. Such rating will not necessarily be the same as ratings assigned to the Programme.

Moody's Investors Service Limited has assigned the following ratings to Notes to be issued under the Programme: [Aa2 for Senior Notes having a maturity of one year or more; P-1 for Senior Notes having a maturity of less than one year; Aa3 for dated and undated Subordinated Notes].

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. has assigned the following ratings to Notes to be issued under the Programme: [AA/A-1+ for Senior Notes; AA- for Senior Subordinated Notes; A+ for Junior Subordinated Notes].

A 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.

Risk Factors:

There are risk factors that fully affect the Issuer's ability to fulfil its obligations under the Notes. These include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Risk Management, Regulatory Risk, uncertain economic conditions and competition. There are risk factors which are material for the purpose of assessing the market risks associated with the Notes. These include the risk that the Notes may not be a suitable investment for all investors. There are also risk factors that relate to the structure of a particular issue of Notes. These include specific risk factors for: Notes subject to optional redemption by the Issuer, Index Linked Notes, Dual Currency Notes, Partly-paid Notes, Variable Notes with a multiplier or other coverage factor, Fixed/Floating Rate Notes, Investors will not be able to calculate in advance their rate of return on Floating Rate Notes, Zero Coupon Notes which are subject to higher price fluctuations than not discounted notes, Notes issued at a substantial discount or premium, Foreign Currency Notes expose investors to foreign exchange risk as well as to Issuer risk, the Issuer's obligations under Subordinated Notes, Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs and a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. There are risks relating to the Notes generally. These include modifications, waivers and substitution, Basel Capital Requirements Directive, the trading market for debt securities may be volatile and may be adversely impacted by many events, the European Monetary Union, the EU Savings Directive and change of law. There are risks related to the market generally. These include the secondary market generally, exchange rate risks and exchange controls, interest rate risks and credit ratings may not reflect all risks. Legal investment considerations may restrict certain investments.

Use of Proceeds:

The net proceeds of the sale of the Notes will be used for the general funding purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

Information Relating to the Warrants:

Method of Issue:	The Warrants will be issued on a syndicated or non-syndicated basis. The Warrants will be issued in Series having one or more issue dates and on terms otherwise identical, the Warrants of each Series being intended to be interchangeable with all other Warrants of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms (the “Terms”) of each Tranche (which, save in respect of the issue date, issue price and number of Warrants comprising the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a supplement to this Prospectus (the “Final Terms for the Warrants”).
Issue Price:	The Warrants may be issued at any issue price. The issue price will be specified in the Final Terms for the Warrants.
Form of Warrants:	The Warrants may be issued in bearer form only (“Bearer Warrants”) or in book-entry form only, being capable of being purchased, transferred and exercised only through an account at Euroclear or Clearstream, Luxembourg (“Book-entry Warrants”). Each Tranche of Bearer Warrants will be represented on issue by a temporary Global Warrant exchangeable for definitive Bearer Warrants 40 days after its issue date. Each Tranche of Book-entry Warrants will be represented by a Global Warrant at all times. Book-entry Warrants will not be issued in definitive form.
Initial Delivery of Warrants:	Temporary Global Warrants may, and Global Warrants will, be deposited with a common depository for Euroclear and Clearstream, Luxembourg immediately prior to their issue date.
Clearing Systems:	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche of Bearer Warrants, such other clearing system as may be agreed between the Issuer and the relevant Dealer.
Terms of the Warrants:	As set out in the relevant Final Terms for the Warrants, each Series of Warrants will entitle the Warrantholder (as defined in the general conditions of the Warrants (the “General Conditions”)) to receive a cash amount from the Issuer calculated in accordance with the relevant Terms, all as set out in the General Conditions and in the relevant Terms. Each Final Terms for the Warrants will set forth certain information with respect to Warrants of the relevant Series (distinguishing between separate Tranches of Warrants, if applicable) including the designation, the maximum aggregate number and type of Warrants, the date of issue, the issue price, the strike price, the settlement amount, the exercise period or the exercise date or dates, the final exercise date and the settlement date.
Important Notice for Investors:	Investors should note that the Warrants create options exercisable by the relevant Warrantholder. There is no obligation upon any Warrantholder to exercise his Warrant nor, in the absence of such exercise, any obligation upon the Issuer to pay or cause to be paid any amount in respect of the Warrants. Upon exercise of any Warrants, Warrantholders will be required to make a certification in respect of certain laws of the United States of America (see “General Conditions of the Book-entry Warrants—Exercise Procedure” or “General Conditions of the Bearer Warrants—Exercise Procedure”, as the case may be).

Status of Warrants:	The Warrants will constitute unsubordinated and unsecured obligations of the Issuer.
Events of Default and Negative Pledge:	The Warrants will not contain any negative pledge or events of default.
Termination for Illegality:	The Issuer has the right to terminate any Warrants prior to exercise only if its performance under such Warrants has become unlawful. In such circumstances the Issuer will (to the extent permitted by applicable law) cause an amount to be paid to each Warrantholder in respect of each relevant Warrant which is the fair market value of such Warrant immediately prior to such termination. (See “General Conditions of the Book-entry Warrants—Illegality” or “General Conditions of the Bearer Warrants—Illegality”, as the case may be.)
Taxation:	Warrantholders will be liable for any taxes, including withholding tax, arising in connection with the Warrants.
Governing Law:	Book-entry Warrants shall be governed by English law. Bearer Warrants shall be governed by Luxembourg law.
Listing:	The Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms for the Warrants. As specified in the relevant Final Terms for the Warrants, a Series of Warrants may be unlisted.
Selling Restrictions:	United States, EEA, United Kingdom, France, Germany, Japan, The Netherlands. See “Plan of Distribution”. The Warrants may not at any time be offered, sold or delivered directly or indirectly in the United States or to, or for the account or benefit of, any U.S. person. Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, and no U.S. person may at any time purchase, trade or maintain a position in such Warrants unless otherwise specified in the relevant Final Terms for the Warrants.
Risk Factors:	There are risk factors that may affect the Issuer’s ability to fulfil its obligations under the Warrants. These include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Risk Management, Regulatory Risk, uncertain economic conditions and competition. There are risk factors which are material for the purpose of assessing the market risks associated with the Warrants. These include the risk that the Warrants may not be a suitable investment for all investors. There are risk factors that relate to the structure of a potential issue of Warrants. Investment in warrants involves a high degree of risk, certain factors affecting the value and trading price of warrants, Limitations on Exercise, Minimum Exercise Amount, Certain Considerations regarding Hedging and Time Lag after Exercise and Certain Additional Risk Factors Associated with Currency Warrants. There are risks relating to the Warrants generally. These include modifications, waivers and substitution, Basel Capital Requirements Directive, the trading market for debt securities may be volatile and may be adversely impacted by many events, the European Monetary Union, the EU Savings Directive and change of law. There are risks relating to the market generally. These include the secondary market

generally, exchange rate risks and exchange controls, interest rate risks and credit ratings may not reflect all risks. Legal investment considerations may restrict certain investments.

Use of Proceeds:

The net proceeds of the sale of the Warrants will be used for the general funding purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms for the Warrants.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Warrants. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of all or any of such contingencies occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes and the Warrants issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Warrants.

Like other banks, the Issuer faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk).

Credit risk

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. The Issuer may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. Most of the commitment decisions concern customers in the local government sector, which is low risk and also subject to specific controls relating to its public nature. The Issuer cannot assume that its level of provisions will be adequate or that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods. Group Risk Management oversees the Dexia Group's risk policy and is responsible for, *inter alia*, setting and managing the risk surveillance function and decision processes and implementing Group-wide risk assessment methods for each of the bank's activities and operational entities.

Market risk

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices, stemming from Dexia Group's capital market activities. Due to the nature of its activity, the Dexia Group is prevented from assuming significant exposure to market risk. It does not act as a market maker and therefore has exposure mainly on its short-term cash management and a portfolio of derivative products with customers that is managed on a market value basis. Market risks generated by the commercial businesses are generally hedged and residual risks are handled by the Asset and Liability Management function.

Operational risk

Within the Issuer, operational risk comprises the exposure to loss from inadequate or failed internal processes, people and systems or from external events (such as, but not limited to natural disasters and fires), risk relating to the security of information systems, litigation risk and reputation risk. Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties. The Issuer's operational risk management framework, set up in 2003, is responsible for, *inter alia*, coordinating the collection of risk event data and risk and control self-assessment within the different entities and activities of the Dexia Group, defining methodological principles, selecting adequate tools and ensuring global consistency. Unforeseen events like severe natural catastrophes, terrorist attacks or other states of emergency can lead to an abrupt interruption of the Issuer's operations, which can cause substantial losses. Such losses can relate to property, financial assets, trading positions and to key employees. Such unforeseen events can also lead to additional costs (such as relocation of employees affected) and increase the Issuer's costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Issuer's risk.

As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Issuer's customer relationship management, general

ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

Liquidity risk

The objective of liquidity management is to ensure that, at all times, the Issuer holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. All the main issues regarding liquidity risk are directly managed by the Dexia Group's Asset and Liability Management function, which carefully manages the Dexia Group's resources and their use, in particular, the adequacy of expected new lending production with the available resources and the Dexia Group's liquidity needs.

Risk Management

Monitoring of the risks relating to the Issuer and its operations and the banking industry is performed jointly by the appropriate committees and the Risk Management department, with the help of tools that it develops, in compliance with the guidelines established by the Dexia Group and all legal constraints and rules of prudence. As regards the supervision of risks in the subsidiaries and branches, each entity has its own local risk management structure. These structures are strictly independent of the front-offices and reporting to the Issuer's Local Risk Management department either directly (branches) or functionally (subsidiaries).

Regulatory risk

The Issuer's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates. Current, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, could have an adverse effect impacting on how the Issuer conducts its business and on the results of its operations. The Issuer's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. The nature and impact of future changes in such policies are not predictable and are beyond the Issuer's control.

Uncertain economic conditions

The Issuer's business activities are dependant on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, market interest rates and other factors that affect the economy. Although in recent years there have been significant adverse developments in world markets, the current outlook for the world economy is improving. The profitability of the Issuer's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of the Issuer's customers would default on their loans or other obligations to the Issuer, or would refrain from seeking additional borrowing.

Competition

The Issuer faces strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations. While the Issuer believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect the Issuer in one or more of the markets in which it operates.

Factors which are material for the purpose of assessing the market risks associated with the Notes and the Warrants.

Notes and Warrants may not be a suitable investment for all investors

Each potential investor in any Notes and/or Warrants must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes and/or Warrants, the merits and risks of investing in the relevant Notes and/or Warrants and the information contained or incorporated by reference in this

- Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and/or Warrants and the impact such investment will have on its overall investment portfolio;
 - (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes and/or Warrants, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
 - (iv) understand thoroughly the terms of the relevant Notes and/or Warrants and be familiar with the behaviour of any relevant indices and financial markets; and
 - (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes and/or Warrants are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes and/or Warrants which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes and/or Warrants will perform under changing conditions, the resulting effects on the value of such Notes and/or Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- (iii) the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;

- (iv) payment of principal or interest may occur at a different time or in a different currency than expected;
- (v) the holder of an Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- (vi) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vii) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified;
- (viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield;
- (ix) the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities and risks that are unique to the Note itself;
- (x) any Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- (xi) it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes; and
- (xii) a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, stock, interest rate or other index, including the volatility of the applicable currency, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, stock, interest rate or other index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates or other indices should not be taken as an indication of future performance of such currencies, stocks, interest rates or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

Various transactions by the Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Notes.

The Issuer is active in the international securities and currency markets on a daily basis. It may thus, for its own account or for the account of customers, engage in transactions directly or indirectly involving assets that are “reference assets” under Index Linked Notes and may make decisions regarding these transactions in the same manner as it would if the Index Linked Notes had not been issued. The Issuer and its affiliates may on the issue date of the Index Linked Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Index Linked Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer to disclose any such business or information to the Noteholders.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment.

Failure to pay any subsequent instalment could result in an investor losing some or all of its investment.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Zero coupon notes are subject to higher price fluctuations than non-discounted notes

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon notes than on the prices of ordinary notes because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon notes can suffer higher price losses than other notes having the same maturity and credit rating. Due to their leverage effect, zero coupon notes are a type of investment associated with a particularly high price risk.

Notes issued at a substantial discount or premium

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Foreign currency notes expose investors to foreign-exchange risk as well as to issuer risk

As purchasers of foreign currency notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the issuer or the type of note being issued.

The Issuer's obligations under Subordinated Notes

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of creditors in respect of Subordinated Obligations (as defined in "Terms and Conditions of the Notes"). If no dividend or other distribution has been declared paid or made on any class of the stock or share capital of the Issuer in the immediately preceding Interest Period, then the Issuer may defer the payment of interest on the Subordinated Notes. Such deferral may last until the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Issuer, (ii) the date set for any repayment permitted under the Conditions of the Subordinated Notes on an undated basis and (iii) the commencement of winding-up of the Issuer.

After Dexia BIL has fully paid all deferred interest on the issue of Subordinated Notes and if that issue of Subordinated Notes remains outstanding, future interest payments on that issue of Subordinated Notes will be subject to further deferral as described above.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

Risks related to the structure of a particular issue of Warrants

Investment in Warrants involves a high degree of risk

Investment in Warrants involves a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants except, if so indicated in the Final Terms for the Warrants, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "Certain Factors Affecting the Value and Trading Price of Warrants" below. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Warrants in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Warrants and the particular reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference to which the value of the relevant Warrants may relate, as specified in the applicable Final Terms for the Warrants.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant reference security (or basket of securities), index (or basket of indices),

currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms for the Warrants. Assuming all other factors are held constant, the more a Warrant is “out-of-the-money” and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Warrants. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Warrants. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Warrants. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Warrants. Purchasers of Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

Certain Factors Affecting the Value and Trading Price of Warrants

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price (the “Physical Settlement Value”) (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the “time value” of the Warrants. The “time value” of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants, as well as a result of a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants, (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference as specified in the applicable Final Terms for the Warrants and (viii) any related transaction costs.

Limitations on Exercise

If so indicated in the Final Terms for the Warrants, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms for the Warrants and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms for the Warrants. Unless

otherwise specified in the Final Terms for the Warrants, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum Exercise Amount

If so indicated in the Final Terms for the Warrants, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in a reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis of reference which may be specified in the applicable Final Terms for the Warrants, should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms for the Warrants. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the reference security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other basis which may be specified in the applicable Final Terms for the Warrants.

Time Lag after Exercise

In the case of any exercise of Warrants, there may be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Such delay could be significantly longer than expected, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

Certain Additional Risk Factors Associated with Currency Warrants

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Warrants. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Currency Warrants into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces. Purchasers of Currency Warrants risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

If additional warrants or options relating to particular currencies or currency indices are subsequently issued, the supply of warrants and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Warrants and such other warrants and options trade in the secondary market to decline significantly.

Risks related to Notes and Warrants generally

Set out below is a brief description of certain risks relating to the Notes and Warrants generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Basel Capital Requirements Directive

The introduction in 2007 of the general agreement of the Basel Committee for Bank Supervision for the International Convergence of Capital Measurement and Capital Standards of June 2004, or Basel II, is likely to bring changes to banks' capital ratios, including those of the Issuer. The direction and magnitude of the impact of Basel II will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer expects to incur costs in complying with the new guidelines. The new guidelines may also require the Issuer to operate its business in ways that may be less profitable than its present operations.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes and/or Warrants or that economic and market conditions will not have any other adverse effect.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes and/or Warrants, there is no assurance that this would not adversely affect investors in the Notes and/or Warrants. It is possible that prior to the maturity of the Notes and/or Warrants the United Kingdom may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes and/or Warrants denominated in Sterling may become payable in Euro (ii) the law may allow or require such Notes and/or Warrants to be re-denominated into Euro and additional measures to be taken in respect of such Notes and/or Warrants; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes and/or Warrants or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes and/or Warrants.

EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate instead a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required, save as provided in the Terms and Conditions of the Notes, to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The General Conditions of the Book-Entry Warrants are, and the Terms and Conditions of the Senior Notes may be, based on English law, and the Terms and Conditions of the Subordinated Notes and the General Conditions of the Bearer Warrants are, and the Terms and Conditions of the

Senior Notes may be, based on Luxembourg law, in each case in effect as at the date of issue of the relevant Notes and/or Warrants. No assurance can be given as to the impact of any possible judicial decision or change to English law or Luxembourg law or administrative practice after the date of issue of the relevant Notes and/or Warrants.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes and/or Warrants may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes and/or Warrants easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes and/or Warrants that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes and/or Warrants generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes and/or Warrants.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the equivalent yield on the Notes in the Investor's Currency, (2) the equivalent value of the principal payable on the Notes in the Investor's Currency and (3) the equivalent market value of the Notes in the Investor's Currency.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes and/or Warrants are legal investments for it, (2) Notes and/or Warrants can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes and/or Warrants. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes and/or Warrants under any applicable risk-based capital or similar rules.

GENERAL DESCRIPTION OF THE PROGRAMME

The Programme is a EUR 10,000,000,000 Euro Medium-Term and Undated Note and Warrant Programme under which the Issuer may from time to time issue Euro Medium-Term and Undated Notes and Warrants in accordance with and subject to all applicable laws and regulations and denominated in Euro or such other currencies or currency units as may be set forth in the relevant Final Terms or Final Terms for the Warrants. The applicable terms of any Notes or Warrants will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes or Warrants and will be set out in the relevant terms and conditions of the Notes or Warrants endorsed on, or attached to, or incorporated by reference into, the Notes or Warrants, as modified and supplemented by the applicable Final Terms or Final Terms for the Warrants attached to, or endorsed on, such Notes or Warrants.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated annual accounts of the Issuer and the Group for the years ended 31st December 2004, and 31st December, 2005, including the reports of the statutory auditors in respect thereof, which have been filed with the CSSF and are incorporated by reference in this Prospectus. Physical copies of all documents incorporated by reference will be available free of charge from the offices of the Issuer.

The balance sheet, income statements, accounting policies, notes and auditors' reports of the Issuer are set out on the following pages of the annual reports of the Issuer:

	Annual Report 2004	Annual Report 2005
Non-consolidated Balance Sheet	62	62
Non-consolidated Profit and Loss Account	64	64
Consolidated Audited Accounts	21	21
Notes to the Non-consolidated Accounts	66	66
Auditors' Reports for the Non-consolidated Accounts	61	61
Auditors' Report for the Consolidated Accounts	21	21

The balance sheet, income statements, accounting policies, notes and auditors' reports of the Group are set out on the following pages of the annual reports of the Group:

	Annual Report 2004	Annual Report 2005
Consolidated Balance Sheet	40	48
Consolidated Statement of Income	43	50
Notes to the Financial Statements	44	54
Auditors' Report for the Consolidated Accounts	107	160

Information contained in the documents incorporated by reference other than information listed in the table above is for information purposes only.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a supplement to the Prospectus pursuant to Article 13 of the Luxembourg Act dated 10th July, 2005 relating to the prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes or Warrants to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market, shall constitute a prospectus supplement as required by Article 13 of the Luxembourg Act dated 10th July, 2005 relating to prospectuses for securities.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes or Warrants and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial

position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes or Warrants, the Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes or the Warrants and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Tranche. Either (i) the full text of these terms and conditions together with Part A of the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Senior Notes of one Series only, not to all Senior Notes that may be issued under the Programme.

An Agency Agreement (as further amended or supplemented as at the date of issue of the Notes (the “Issue Date”) (the “Agency Agreement”) dated 9th November, 1995 as amended and restated on 14 December, 2006 between the Issuer and the other agents named in it, has been entered into in relation to the Notes. The fiscal agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrars”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the Payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes:

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(b) Transfer of Registered Notes:

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes:

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and in each case surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in Luxembourg and in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 7 days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status

The Notes, Receipts and Coupons constitute (subject to Condition 4) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes, Receipts and Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer present and future (including deposits).

4. Negative Pledge

(a) *Restriction:*

The Issuer undertakes that, so long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement), it shall not create or have outstanding any mortgage, charge, pledge, lien (other than a lien arising solely by operation of law in the ordinary course of business) or other encumbrance upon, or with respect to, the whole or any part of its present or future property, assets or revenues to secure repayment of, or to secure any guarantee of or indemnity in respect of, any external indebtedness unless the Notes, Receipts and Coupons (A) are, at the same time, secured equally and rateably therewith, or (B) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) *External indebtedness:*

In this Condition 4, "external indebtedness" means any obligation for the repayment of borrowed money in the form of, or represented by, bonds, notes, debentures or other securities (i) that on issue were offered through an international group of banks or financial institutions as to more than 50 per cent. in issue amount outside Luxembourg and (ii) that are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, automated trading system, over-the-counter or other securities market.

5. Interest and Other Calculations

(a) *Interest on Fixed Rate Notes:*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(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 outstanding nominal amount from the Interest

Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply depending upon which is specified hereon:

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (x) (1) the offered quotation; or
- (2) the arithmetic mean 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 as

determined by the Calculation Agent. If five or more of 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone 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 if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (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 of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding

Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an index or formula as specified hereon.

- (c) *Zero Coupon Notes:*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

- (d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest is to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

- (e) *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 hereon.

- (f) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

- (g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

- (h) *Calculations:*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for

such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) *Definitions:*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than EUR, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of EUR a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

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

- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation 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); and
- (vi) if “Actual/Actual-ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment 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 and the Treaty of Amsterdam.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, and in the case of Index Linked Interest Notes, includes the Coupon.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor EUR or (iii)

the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is EUR.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Number of Actual Calculation Periods” means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

(k) *Calculation Agent:*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption:*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption:*

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount together (if applicable) with interest accrued to, but excluding, the date fixed for redemption unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons:*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 45 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in the laws or regulations of Luxembourg (or in the official application of such laws or regulations) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (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 would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall make available at the specified

offices of the Fiscal Agent and the Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) *Redemption at the Option of the Issuer:*

If Call Option is specified hereon (the details of which will be specified in the relevant Final Terms), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 14 (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(e) *Redemption at the Option of Noteholders:*

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) *Partly Paid Notes:*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) *Purchases:*

In addition to Notes, Receipts or Coupons purchased in the ordinary course of dealing in securities on behalf of third parties, the Issuer or any of its Subsidiaries (as defined below) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with applicable laws (if any). The Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11 (a). "Subsidiary" means any company 50 per cent. or more of the equity share capital of which is owned directly or indirectly by the Issuer. Such Notes may be reissued or resold by the Issuer or its Subsidiaries.

(h) *Cancellation:*

All Notes that are redeemed shall be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

7. Payments and Talons

(a) *Bearer Notes:*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of EUR, in a city in which banks have access to the TARGET System.

(b) *Registered Notes:*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) *Payments in the United States:*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall 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 of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws:*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents:*

The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and any Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in

relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that stock exchange so require), (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (vii) to the extent not satisfied by (v) or (vi) above, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Union Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any such termination or appointment and of any change in the specified office through which any Paying Agent acts will be given in accordance with Condition 14.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days:*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph (h), "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than EUR) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in EUR) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) *Other connection:*

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Luxembourg other than the mere holding of the Note, Receipt or Coupon;

(b) *Lawful avoidance of withholding:*

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day;

(c) *Payment to individuals:*

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) *Payment by another Paying Agent:*

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the

Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) *Non-Payment*: default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) *Breach of Other Obligations*: the Issuer defaults in performance or observance of, or compliance with, any of its other obligations in the Notes which default is incapable of remedy or which, if capable of remedy, is not remedied within 21 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer and is not stayed or discharged within 21 days; or
- (d) *Security Enforced*: any present or future mortgage, charge, pledge, lien or other encumbrance on or over all or a material part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager, administrator or other similar person) and such enforcement or step is not stayed or discharged within 21 days; or
- (e) *Insolvency*: the Issuer becomes insolvent within the meaning of Luxembourg law or applies for or consents to or suffers the appointment of a liquidator (*liquidateur*) or receiver of the Issuer or of the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer or initiates any proceedings under any law for a readjustment or deferment of its obligations or any substantial part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer or to admit the Issuer to a regime of suspension of payments (*sursis de paiement*); or
- (f) *Cessation of Business*: the Issuer ceases to carry on business (except for the purpose of any amalgamation, merger or other reorganisation under which the continuing or successor corporation has assumed all of the assets and business undertakings of the Issuer pursuant to Condition 11(c) and has expressly and effectively assumed the obligations of the Issuer under the Notes); or
- (g) *Cross-Default*: (i) any loan or other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised and not being money deposited with the Issuer or transferred pursuant to a fiduciary contract within the meaning of the law of 27th July, 2003, as amended from time to time, or otherwise borrowed in the ordinary

course of business of the Issuer (“Relevant Indebtedness”) becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (ii) the Issuer fails to make any payment in respect of Relevant Indebtedness on the due date for such payment as extended by any applicable grace period, or (iii) the security for any Relevant Indebtedness becomes enforceable, or (iv) default is made by the Issuer in making any payment due under any present or future guarantee and/or indemnity given by it of, or in respect of, Relevant Indebtedness provided that the aggregate amount of the Relevant Indebtedness in respect of which one or more of the events mentioned above in this paragraph (g) have occurred equals or exceeds U.S.\$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates).

11. Meetings of Noteholders, Modifications and Substitution

The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:

(a) Meetings of Noteholders:

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. For so long as the Notes are listed on Euronext Paris, notice of the date, time, place and agenda of such meeting will be published as provided under Condition 14. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modification of Agency Agreement:

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) Substitution:

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the “Substitute”) provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue, no steps have

been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer. Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by a deed poll (the “Deed Poll”), to be substantially in the form scheduled to the Agency Agreement as Schedule 8 and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Deed Poll, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a “Guarantor”) by means of a guarantee substantially in the form contained in the Deed Poll (the “Guarantee”); (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 11(c) and the other matters specified in the Deed Poll; (vi) the substitution does not affect adversely the rating of the Notes by Moody’s Investors Service Ltd. and Standard & Poor’s Rating Group or if any such rating agency does not exist at the relevant time any two existing internationally recognised rating agencies and (vii) the Issuer shall have given at least 30 days’ prior notice of such substitution to the Noteholders, to be published in accordance with Condition 14, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll and, where the Deed Poll contains a Guarantee, the events listed in Condition 10 shall be deemed to include such Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the Guarantee shall contain (a) events of default in respect of the Notes in the same terms as Condition 10 of the Notes relating to the Guarantor (except that references in Condition 10(a) to failure to pay principal and interest on the Notes shall be a reference to failure to pay under the Guarantee), (b) clauses relating to the Guarantor in the form of Conditions 6(f) and (9) and (c) and a negative pledge in relation to the Guarantee in the form of Condition 4. References to “outstanding” in relation to the Notes of any Series shall, on a substitution of the Issuer where the Guarantor guarantees the Notes, not include Notes held by the Guarantor and its subsidiaries for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders and (ii) the determination of how many Notes are outstanding for the purposes of Condition 11.

The following applies in the case of all Senior Notes governed by Luxembourg law:

(a) *Meetings of Noteholders:*

Noteholders will belong to a masse (the “Masse”) created, among other things, for the representation of their common interests pursuant to the provisions of the law of 10th August, 1915 on commercial companies, as amended (*loi du 10 aout 1915 concernant les sociétés commerciales, telle qu’elle a été modifiée*) (the “Luxembourg Company Law”). The discussion below is based on the Luxembourg Company Law in effect on the Issue Date. Any subsequent amendments to the relevant provisions of the Luxembourg Company Law may amend or modify the discussion below. A general meeting of the Noteholders (the “Masse Meeting”) may appoint and determine the powers of one or more representatives (the “Representatives”). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Issuer. A Masse

Meeting may be called at any time by the Representatives (if any) or the Board of Directors of the Issuer. The Representatives, provided an advance on expenses has been paid to them, or the Board of Directors must convene the Masse Meeting if called upon to do so by holders of Notes representing 5 per cent. or more of the Notes outstanding. All Masse Meetings shall be held at the place specified in the notice calling the meeting and such notice must be published as provided under Condition 14. All Noteholders have the right to attend and vote at the Masse Meeting either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the principal amount of the outstanding Notes represented by the principal amount of the Note or Notes held by the relevant holder. A Masse Meeting may be called in the event of a merger involving the Issuer, may approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Luxembourg Company Law. A Masse Meeting may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such Masse Meeting on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters (except in respect of certain matters, including a change in the nationality of the Issuer, where unanimous consent is required) the Masse Meeting may deliberate validly on first convocation only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. On second convocation no quorum is required. Decisions at such meetings shall be taken by a majority of $66\frac{2}{3}$ per cent. of the votes cast by Noteholders attending such meetings or represented thereat.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) *Modification of Agency Agreement:*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) *Substitution:*

Subject to the provisions of this Condition, the Noteholders and the Couponholders by subscribing to or purchasing any Notes or Coupons, expressly consent to the Issuer, or any previously substituted company, at any time, substituting for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "Substitute") provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue, no steps have been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer. Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by written undertaking (the "Undertaking"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8 and may take place only if (i) the Substitute shall, by means of the Undertaking, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Undertaking, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "Guarantor") by means of a guarantee substantially in the form contained in the Undertaking (the "Guarantee"); (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Undertaking, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations

of the Substitute and in the case of the Undertaking of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 11(c) and the other matters specified in the Undertaking; (vi) the substitution does not affect adversely the rating of the Notes by Moody's Investors Service Ltd. and Standard & Poor's Rating Group or if any such rating agency does not exist at the relevant time any two existing internationally recognised rating agencies and (vii) the Issuer shall have given at least 30 days' prior notice of such substitution to the Noteholders, to be published in accordance with Condition 14, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Undertaking and, where the Undertaking contains a Guarantee, the events listed in Condition 10 shall be deemed to include such Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the Guarantee shall contain (a) events of default in respect of the Notes in the same terms as Condition 10 of the Notes relating to the Guarantor (except that references in Condition 10(a) to failure to pay principal and interest on the Notes shall be a reference to failure to pay under the Guarantee), (b) clauses relating to the Guarantor in the form of Conditions 6(f) and (9) and (c) and a negative pledge in relation to the Guarantee in the form of Condition 4.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of a Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, for so long as the Registered Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall in addition be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *d'Wort*) except that for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language

newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16. Governing Law and Jurisdiction

The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:

(a) *Governing Law:*

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law. Application of articles 86 to 94-8 of the Luxembourg law of 10th August, 1915 on commercial companies is specifically excluded.

(b) *Jurisdiction:*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) *Service of Process:*

The Issuer irrevocably appoints the General Manager for the time being of its London branch which is currently located at Shackleton House, Hay's Galleria, 4 Battle Bridge Lane, London SE1 2GZ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

The following applies in the case of all Senior Notes governed by Luxembourg law:

(a) *Governing Law:*

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, Luxembourg law.

(b) *Jurisdiction:*

The courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

The following applies in the case of all Senior Notes other than Senior Notes governed by Luxembourg law:

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The following (apart from the text in italics) is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Tranche. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Subordinated Notes of one Series only, not to all Subordinated Notes that may be issued under the Programme.

An Agency Agreement (as further amended or supplemented as at the date of issue of the Notes (the “Issue Date”)) (the “Agency Agreement”) dated 9th November, 1995 as amended and restated on 14 December, 2006 between the Issuer and the other agents named in it has been entered into in relation to the Notes. The fiscal agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrars”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of

ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts (if any) relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes:

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(b) Transfer of Registered Notes:

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes:

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer and in each case surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the

Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in Luxembourg and in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been called for redemption or (iv) during the period of 7 days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status and Subordination

(a) *Status of Senior Subordinated Notes:*

Notes in respect of which the status is specified hereon as “Senior Subordinated” (“Senior Subordinated Notes”) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Senior Subordinated Obligations (as defined below).

Senior Subordinated Notes that constitute Lower Tier II Capital will have a minimum maturity of five years.

(b) *Subordination of Senior Subordinated Notes:*

In the event of the winding up of the Issuer, the rights of the holders of Senior Subordinated Notes and the Receipts and Coupons relating to them shall rank ahead of:

- (i) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- (ii) creditors whose claims are in respect of any obligations of the Issuer that rank or are expressed to rank (whether only in the winding up of the Issuer or otherwise) junior to Senior Subordinated Obligations,

but shall be subordinated to the claims of:

- (iii) all Senior Creditors.

(c) *Status of Junior Subordinated Notes:*

Notes in respect of which the status is specified hereon as “Junior Subordinated” (“Junior Subordinated Notes”) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Junior Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Junior Subordinated Obligations (as defined below).

Junior Subordinated Notes that have a scheduled maturity date and constitute Upper Tier II Capital will have a minimum maturity of five years or may be undated.

(d) *Subordination of Junior Subordinated Notes:*

The rights of the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them shall rank ahead of:

- (i) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- (ii) creditors whose claims are in respect of any obligations that rank or are expressed to

rank junior to any Junior Subordinated Obligations or the claims of holders of such Notes, Receipts and Coupons,

but shall be subordinated to the claims of:

- (iii) all other creditors of the Issuer whose claims do not rank or are not expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and are not referred to in paragraph (d) (including creditors whose claims are in respect of Senior Subordinated Obligations);

and payments of principal and interest in respect of the Junior Subordinated Notes will be conditional on the Issuer being solvent at the time of payment by the Issuer and no principal or interest shall be due and payable in respect of the Junior Subordinated Notes except to the extent that the Issuer could make such payment in whole or in part, rateably with payments in respect of Junior Subordinated Notes, and still be solvent immediately thereafter. For the purpose of this paragraph the Issuer shall be solvent if (i) it is able to pay its debts as they fall due, (ii) its Assets exceed its Liabilities, other than its Liabilities to persons who are not Prior Ranking Creditors (in each case as defined below), (iii) the Issuer's Eligible Own Funds are at least equal to the amount of the Issuer's Overall Capital Requirements (in each case as defined below) and (iv) the Issuer's Eligible Own Funds are at least equal to the minimum amount set out in Article 8 of the Law of 5th April, 1993 on the financial sector, as amended. A report as to the solvency of the Issuer by two directors of the Issuer or (if the Issuer is in winding-up) its liquidator shall in the absence of proven error be treated and accepted by the Issuer and the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them as correct and sufficient evidence thereof.

(e) *Defined Terms:*

In this Condition:

"Assets" means the total assets of the Issuer and "Liabilities" means the total liabilities of the Issuer (excluding for the avoidance of doubt, any capital, reserves, profits for the relevant financial year, profits brought forward or funds for general banking risks) each as shown by the latest published non-consolidated audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, valued in such manner as such directors or liquidator (as the case may be) referred to above may determine consistent with generally accepted accounting principles;

"Circular" means Circular No. 2000/10 entitled "The definition of capital adequacy ratios pursuant to Article 56 of the Law of 5th April, 1993 on the financial sector" issued by the *Commission de Surveillance du Secteur Financier* (the "CSSF") as amended and completed by Circulars No. 2001/49, No. 2004/144 and No. 2004/156 issued by the CSSF;

"Eligible Own Funds" shall have the meaning given thereto in, and be calculated in accordance with, the Circular;

"Junior Subordinated Obligations" means claims of creditors of the Issuer which are subordinated so as to rank or are expressed to rank *pari passu* with the claims of the holders of Junior Subordinated Notes and the Receipts and Coupons relating to them;

"Overall Capital Requirements" shall have the meaning given thereto in, and be calculated in accordance with, the Circular;

"Prior Ranking Creditors" means all creditors of the Issuer other than the creditors whose claims are referred to in paragraph (d)(2) above and creditors whose claims rank or are expressed to rank *pari passu* with the claims of holders of the Junior Subordinated Notes and the Receipts and Coupons relating to them and for the avoidance of doubt, other than all persons whose claims are referred to in paragraph (d)(1) above;

"Senior Creditors" means all creditors of the Issuer who are depositors or other general, unsubordinated creditors; and

"Senior Subordinated Obligations" means all indebtedness and monetary obligations of the Issuer present and future that rank or are expressed to rank junior in right of payment (whether only in the event of the winding up of the Issuer or otherwise) to the claims of Senior Creditors but that are not subordinated so as to rank in point of subordination junior to any other obligations of the Issuer.

If the Issuer would not otherwise be solvent for the purposes of this paragraph, the amount of the principal and sums which would otherwise be payable as interest on the Junior Subordinated Notes will be available to meet any losses of the Issuer.

4. Interest and Other Calculations

(a) *Rate of Interest and Accrual on Senior Subordinated Notes and Optional and Compulsory Payment of Interest on Junior Subordinated Notes:*

- (i) Each Senior Subordinated Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.
- (ii) Each Junior Subordinated Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest. Interest on Junior Subordinated Notes shall (subject to Condition 3(d)) be payable on each Compulsory Interest Payment Date in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date there may be paid (if the Issuer so elects but subject to Condition 3(d)) the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. The Issuer shall notify the Noteholders five business days prior to each Interest Payment Date of the result of such election.
- (iii) Without prejudice to Condition 9(b), any interest not paid on an Interest Payment Date relating to a Junior Subordinated Note shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time after the expiry of and after not less than seven days' notice to such effect given by the Issuer to the Noteholders in accordance with Condition 13 below provided that all accrued Additional Interest as defined below on such Arrears of Interest is paid. All Arrears of Interest on all Junior Subordinated Notes outstanding shall (subject to Condition 3(d)) become due in full on whichever is the earliest of (A) the Interest Payment Date immediately following the date upon which a dividend is next declared on any class of share capital of the Issuer, (B) the date set for redemption in respect of any Junior Subordinated Note pursuant to Condition 5 or, where all the Junior Subordinated Notes are purchased by the Issuer (other than in the ordinary course of the business of dealing in securities on behalf of third parties) pursuant to Condition 5(g), and (C) the date that an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 3(d)) to do so on the expiry of such notice.

Where Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full.

In these Conditions:

"Compulsory Interest Payment Date" means if, in the twelve months ending on the day immediately preceding an Interest Payment Date, any dividend has been declared on any class of share capital of the Issuer, that Interest Payment Date; and

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

- (iv) Arrears of Interest shall bear interest ("Additional Interest") at the Rate of Interest plus an additional rate of 1.5 per cent. per annum which shall be calculated in accordance with paragraph (f) below and accrue on a daily basis, for each successive period of twelve calendar months ("Additional Interest Period") from and including the first Interest Payment Date on which such Arrears of Interest may or should have been paid

and ending on the day immediately preceding the last date of the Additional Interest Period. The Issuer can elect to pay any Additional Interest on the date that any Arrears of Interest are to be paid by the Issuer pursuant to these Conditions but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. All Additional Interest which is not paid on any Interest Payment Date at the end of each Additional Interest Period, shall become Arrears of Interest and bear interest accordingly.

- (v) Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

- (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 outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon, as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest for Floating Rate Notes:*

The Rate of Interest in respect of Floating Rate Notes, for each Interest Accrual Period shall be determined in the manner specified herein and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply depending upon which is specified hereon:

- (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period:

- (x) (1) the offered quotation; or
- (2) the arithmetic mean 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 as determined by the Calculation Agent. If five or more of 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone 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 if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (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 of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading

banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes:*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Senior Subordinated Notes:*

Where a Senior Subordinated Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Senior Subordinated Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Senior Subordinated Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(c)).

(d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest is to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *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 hereon.

(f) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to

the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means, the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) *Calculations:*

The amount of interest payable (subject to Condition 3(b) and (d)) in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (i) *Determination and Publication of Rates of Interest, Interest Amounts and, in the case of Senior Subordinated Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, (in the case of Senior Subordinated Notes) calculate the Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest, Interest Amount, Interest Period Date and Interest Payment Date, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) *Definitions:*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than EUR, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of EUR, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) In the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual-ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation 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); and
- (vi) if “Actual/Actual-ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment 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.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, and in the case of Index Linked Interest Notes, includes the Coupon.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor EUR or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is EUR.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Number of Actual Calculation Periods” means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

(k) *Calculation Agent:*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption, Purchase and Options

(a) *Redemption of Senior Subordinated Notes:*

- (i) Unless previously redeemed (with the consent of the CSSF), purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's option in accordance with Condition 5(e) or (g), each Senior Subordinated Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Senior Subordinated Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Senior Subordinated Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed (with the consent of the CSSF), purchased and cancelled as provided in this Condition 5 or its maturity is extended pursuant to any Issuer's option in accordance with Condition 5(e) or (g), each Senior Subordinated Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Senior Subordinated Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Redemption of Junior Subordinated Notes:*

Subject to Condition 3(d), the Issuer will redeem all of the Junior Subordinated Notes that have a Maturity Date specified hereon ("Dated Junior Subordinated Notes") at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any and interest if any accrued to, but excluding, the date fixed for redemption) on such Maturity Date provided that the CSSF has consented to such redemption on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 13. The Issuer undertakes to seek the consent of the CSSF to redeem all of the Junior Subordinated Notes (or as many of the Junior Subordinated Notes as the CSSF will consent to) not less than 40 days prior to the Maturity Date. If the CSSF consents to the redemption of some (but not all) of the Junior Subordinated Notes on the Maturity Date, the Issuer will redeem the Junior Subordinated Notes to the extent permitted by the CSSF at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any). The Junior Subordinated Notes to be redeemed will be drawn by lot in accordance with Condition 5(e).

If the CSSF does not consent to the redemption of all of the Junior Subordinated Notes on the Maturity Date (or any following Interest Payment Date) the Junior Subordinated Notes not so redeemed shall be redeemed, subject as set out below, at their Final Redemption Amount (together with all Arrears of Interest and all accrued Additional Interest, if any and interest if any accrued to, but excluding, the date fixed for redemption) on the next following Interest Payment Date (each such Interest Payment Date being a "New Maturity Date"). If the CSSF does not consent to the redemption of any of the Junior Subordinated Notes on the Maturity Date or any following Interest Payment Date, the Issuer shall give notice to the Noteholders to be published in accordance with

Condition 13 and for so long as the Junior Subordinated Notes are listed on the Official List of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange, at least 30 days before the Maturity Date or the New Maturity Date, as the case may be, that redemption will not take place on that date in respect of the Junior Subordinated Notes not permitted to be redeemed.

Until such time as the Issuer has obtained the consent of the CSSF to redeem all Junior Subordinated Notes, the Issuer undertakes not less than 40 days prior to each New Maturity Date to seek the consent of the CSSF to redeem all Junior Subordinated Notes in respect of which consent for redemption from the CSSF has not been obtained. The Issuer will, subject to Condition 3(d), redeem all the Junior Subordinated Notes permitted to be redeemed by the CSSF on the next New Maturity Date after such consent has been received at their Final Redemption Amount together with all Arrears of Interest and all accrued Additional Interest, if any). If some only of the Junior Subordinated Notes are permitted to be redeemed on a New Maturity Date, the Junior Subordinated Notes to be redeemed will be drawn by lot in accordance with Condition 5(e).

Junior Subordinated Notes that do not have a Maturity Date specified hereon are undated and accordingly have no final maturity date and are only redeemable or repayable in accordance with the following provisions of this Condition 5 or Condition 9 and, in the case of Condition 5 only, with the prior approval of the CSSF:

(c) *Early Redemption of Zero Coupon Senior Subordinated Notes:*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Senior Subordinated Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Senior Subordinated Note pursuant to Condition 5(d) with the prior consent of the CSSF or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Senior Subordinated Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Senior Subordinated Note shall be the scheduled Final Redemption Amount of such Senior Subordinated Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Senior Subordinated Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Senior Subordinated Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Senior Subordinated Note shall be the Amortised Face Amount of such Senior Subordinated Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Senior Subordinated Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Conditions 4(a) and (c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(d) *Redemption for Taxation Reasons:*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the CSSF), on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(c) above) (together with all Arrears of Interest, Accrued Additional Interest and interest accrued to the date fixed for redemption), if (i) the Issuer has or would become obliged to pay additional amounts as provided or referred to in

Condition 7 as a result of any change in the laws or regulations of Luxembourg (or in the official application of such laws or regulations) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application of such laws or regulations which change or amendment becomes effective on or after the Issue Date, and (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 would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(e) *Redemption at the Option of the Issuer:*

If Call Option is specified hereon (the details of which will be specified in the relevant Final Terms), the Issuer may with the consent of the CSSF, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 13 (or such other notice period as may be specified hereon) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with all Arrears of Interest, accrued Additional Interest and interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(f) *Partly Paid Notes:*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) *Purchases:*

In addition to Notes, Receipts or Coupons purchased in the ordinary course of dealing in securities on behalf of third parties, the Issuer or any of its Subsidiaries may with the consent of the CSSF at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with applicable law, if any. The Notes so purchased, while held by or on behalf of the Issuer shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10(a). The Issuer undertakes to procure that any Subsidiary which holds any Notes as principal, will not exercise its right to vote in any meeting of the Noteholders in respect of such Notes provided that the Issuer and such Subsidiary may vote in favour of a resolution requiring the unanimous consent of a Masse Meeting (as defined in Condition 10) when all other Noteholders have voted or will vote in favour of that resolution. "Subsidiary" means any company 50 per cent. or more of the equity share capital of which is owned directly or indirectly by the Issuer. Such Notes may be reissued or resold by the Issuer or its Subsidiaries.

(h) *Cancellation:*

All Notes that are redeemed shall be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

6. Payments and Talons

(a) *Bearer Notes:*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of EUR, in a city in which banks have access to the TARGET System.

(b) *Registered Notes:*

- (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the persons shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency in which such payments are due by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) *Payments in the United States:*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall 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 of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws:*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents:*

The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and any Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require,

(vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (vii) to the extent not satisfied by (v) or (vi) above, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any such termination or appointment and of any change in the specified office through which any Paying Agent acts will be given in accordance with Condition 13.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons:*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount or Early Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) *Non-Business Days:*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than EUR) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in EUR) which is a TARGET Business Day.

7. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) *Other Connection:*

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Luxembourg other than the mere holding of the Note, Receipt or Coupon;

(b) *Lawful avoidance of withholding:*

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day;

(c) *Payment to individuals:*

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) *Payment by another Paying Agent:*

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable

pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

8. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. Enforcement

(a) Winding Up:

The holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is due and payable, whereupon the Final Redemption Amount of such Note together with accrued interest (and Arrears of Interest and Additional Interest in the case of Junior Subordinated Notes) to the date of payment shall become immediately due and payable if an order is made or an effective resolution is passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

(b) Non-Payment:

If the Issuer does not make payment for a period of 7 days or more after the due date for the payment of principal or for a period of 14 days or more after a Compulsory Interest Payment Date in the case of Junior Subordinated Notes, or after an Interest Payment Date in the case of Senior Subordinated Notes, for the payment of interest due in respect of any of the Notes on such Compulsory Interest Payment Date or Interest Payment Date, as the case may be, any Noteholder may ask the relevant authorities to institute proceedings in Luxembourg (but not elsewhere) in accordance with Part IV of the law of 5th April, 1993 concerning the financial sector (*loi du 5 avril 1993 relative au secteur financier*) for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer.

Although the relevant authorities may take into account a request from a Noteholder to institute proceedings in Luxembourg for the dissolution or liquidation of the Issuer, they are not in any way bound to do so following the receipt of such a request or on any other basis. In determining whether to institute any such proceeding against the Issuer, the relevant authorities act solely on the basis of their own discretion and in accordance with Luxembourg law. Subject to such request from a Noteholder as described in this Condition 9(b), a Noteholder shall not be able to take proceedings for the dissolution or liquidation of the Issuer.

(c) Breach of Obligations:

To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons but the institution of such proceedings shall not have the effect that the Issuer shall be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(d) Other Remedies:

No remedy against the Issuer other than the institution of the proceedings referred to in Conditions 9(b) or (c) and the proving or claiming in any dissolution or liquidation of the Issuer, shall be available to the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or in respect of any breach by the Issuer of any other obligation, condition or provision binding on it under the Notes or the Coupons.

10. Meeting of Noteholders, Modifications and Substitution

(a) Meetings of Noteholders and Representation:

Noteholders will belong to a masse (the “Masse”) created, among other things, for the representation of their common interests pursuant to the provisions of the law of 10th August, 1915 on commercial companies, as amended (*loi de 10 août 1915 concernant les sociétés commerciales, telle qu’elle à été modifiée*) (the “Luxembourg Company Law”). The discussion below is based on the Luxembourg Company Law in effect on the Issue Date. Any subsequent amendments to the relevant provisions of the Luxembourg Company Law may amend or modify the discussion below. A general meeting of the Noteholders (the “Masse Meeting”) may appoint and determine the powers of one or more representatives (the “Representatives”). Where Representatives have been

appointed, Noteholders may no longer individually exercise their rights against the Issuer. A *Masse Meeting* may be called at any time by the Representatives (if any) or the Board of Directors of the Issuer. The Representatives, provided an advance on expenses has been paid to them, or the Board of Directors must convene the *Masse Meeting* if called upon to do so by holders of Notes representing 5 per cent. or more of the Notes outstanding. All *Masse Meetings* shall be held at the place specified in the notice calling the meeting and such notice must be published as provided in Condition 13. All Noteholders have the right to attend and vote at the *Masse Meeting* either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the amount of the outstanding Notes represented by the amount of the Note or Notes held by the relevant holder. A *Masse Meeting* may be called in the event of a merger involving the Issuer, may approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Luxembourg Company Law. A *Masse Meeting* may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such *Masse Meeting* on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters (except in respect of certain matters, including a change in the nationality of the Issuer, where unanimous consent is required) the *Masse Meeting* may deliberate validly on first convocation only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. On second convocation no quorum is required. Decisions at such meetings shall be taken by a majority of $66\frac{2}{3}$ per cent. of the votes cast by Noteholders attending such meetings or represented thereat.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) *Modification of Agency Agreement:*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) *Substitution:*

Subject to the provisions of this Condition the Noteholders and the Couponholders by subscribing to or purchasing any Notes or Coupons, expressly consent to the Issuer, or any previous substituted company, at any time provided the prior approval of the CSSF is obtained, substituting for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any Subsidiary of the Issuer or the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "Substitute") provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue, no steps have been taken to admit the Issuer to a regime of suspension of payments (*sursis de paiement*) and (except in the case of a solvent reorganisation or amalgamation) no order has been made or resolution passed for the dissolution (*dissolution*) or liquidation (*liquidation*) of the Issuer. Such substitution effected in accordance with this Condition will release the Issuer or any previous substituted company and the Noteholders and Couponholders expressly consent hereto. The substitution shall be made by a written undertaking (the "Undertaking") to be substantially in the form scheduled to the Agency Agreement as Schedule 8 and may take place only if (i) the Substitute shall, by means of the Undertaking, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) if the Substitute is a Subsidiary of the Issuer, the obligations of the Substitute under the Undertaking, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "Guarantor") (which shall be the same basis in respect of which Notes originally issued by the Issuer were subordinated) by means of a guarantee substantially in the form contained in the Undertaking (the "Guarantee"); (iii) all action, conditions and things

required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Undertaking, the Notes, Coupons, Receipts, Talons and Deed of Covenant, represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Guarantee of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above as to the fulfilment of the preceding conditions of this Condition 10(c) and the other matters specified in the Undertaking; (vi) the substitution does not affect adversely the rating of the Notes by Moody's Investors Service Limited and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or if any such rating agency does not exist at the relevant time any two existing internationally recognised rating agencies and (vii) the Issuer shall have given at least 30 days' prior notice of such substitution to the Noteholders, to be published in accordance with Condition 13 stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Undertaking, and, where the Undertaking contains a Guarantee, the events listed in Condition 9 shall be deemed to include such Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the Guarantee shall contain rights of enforcement and clauses relating to the Guarantor in the form of Conditions 5(f) and (g).

11. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of a Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

Subject to the prior consent of the CSSF, the Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

13. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and for so long as the Registered Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall in addition be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *d'Wort*) except that for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not

practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

14. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

15. Governing Law and Jurisdiction

(a) *Governing Law:*

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Luxembourg.

(b) *Jurisdiction:*

The courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons.

GENERAL CONDITIONS OF THE BOOK-ENTRY WARRANTS

The following is the text of the General Conditions of the Book-entry Warrants that, subject to completion and amendment and as supplemented or varied in accordance with the Terms set out in the relevant Final Terms for the Warrants, shall be applicable to the Book-entry Warrants. All capitalised terms that are not defined in these General Conditions will have the meanings given to them in the relevant Final Terms for the Warrants. Those definitions will be included in the Terms, which shall be endorsed on the Global Warrant. References in these Conditions to “Warrants” are to the Book-entry Warrants of one Series only, not to all Book-entry Warrants that may be issued under the Programme.

The Warrants are subject to these General Conditions, as modified and/or supplemented by the terms of the Warrants (the “Terms”) set out in the Global Warrant or Global Warrants (each a “Global Warrant”) by which they are represented. The form of the Global Warrant is set out in Schedule 3 Part A to the Agency Agreement relating to the Programme of the Issuer for the issue of Euro Medium Term and Undated Notes, other debt securities and warrants (as further amended or supplemented as at the Issue Date) (the “Agency Agreement”) dated 9th November, 1995 as amended and restated on 14 December, 2006 between the Issuer and the other agents named in it. Copies of the form of Global Warrant and the Agency Agreement will be available for inspection at the specified office of the Issuer. The Warrantholders (as defined below) are bound by and are deemed to have notice of all the provisions of the Agency Agreement and the relevant Global Warrant. Expressions used herein and not defined shall have the meaning given to them in the Terms. References in these General Conditions to “Calculation Agent” are to the Calculation Agent (if any) appointed in relation to the Warrants and specified in the Terms.

1. Form and Transfer

(a) Form

The Warrants will at all times be represented by a single Global Warrant (save in the case of an issue of further Warrants pursuant to Condition 10, which further Warrants shall be represented by a further Global Warrant), which will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and Clearstream, Luxembourg. Warrants in definitive form will not be issued.

(b) Title

The persons for the time being appearing in the books of Euroclear or Clearstream, Luxembourg as holding Warrants shall be treated as holders of the Warrants (the “Warrantholders”) and no person shall be liable for so treating such holders.

(c) Transactions

Transfers and exercise of Warrants may only be effected through Euroclear or Clearstream, Luxembourg. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg, as the case may be.

2. Status

The Warrants represent unsubordinated and unsecured contractual obligations of the Issuer. The Warrants rank equally among themselves and, save for such exceptions as may be provided by applicable legislation, *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

3. Exercise Rights

(a) Exercise Period—American Style Warrants

Warrants designated in the relevant Terms as “American Style” are exercisable on any Business Day during the period from, but excluding, the Issue Date to and including the Final Exercise Date (such period, the “Exercise Period”) subject to prior termination of the Warrants as provided in Condition 5.

(b) Exercise Period—European Style Warrants

Warrants designated in the relevant Terms as “European Style” are exercisable on the Exercise Date or Exercise Dates (or, if such a day is not a day on which Euroclear and Clearstream, Luxembourg are open for business (an “Exercisable Business Day”), the next following such day)

(each, an “Exercise Date”, the latest such Exercise Date being the “Final Exercise Date”) subject to prior termination of the Warrants as provided in Condition 5.

(c) *Entitlement*

The rights attaching to each Warrant on exercise (including any provisions relating to adjustments, market disruption and certain other matters) will be as set out in the relevant Terms.

(d) *Failure to Exercise*

Any Warrant with respect to which no Exercise Notice has been delivered to Euroclear or Clearstream, Luxembourg, as the case may be, and copied to the Issuer, in the manner set out in Condition 4, at or prior to 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the relevant Final Exercise Date shall become void.

4. Exercise Procedure

(a) *Exercise Notice*

Warrants may be exercised by delivery of a duly completed exercise notice in writing, or by tested telex confirmed in writing, in the form (with such amendments as the Issuer may specify) set out in the Agency Agreement (copies of which may be obtained from Euroclear, Clearstream, Luxembourg or the Issuer) (an “Exercise Notice”) to Euroclear or Clearstream, Luxembourg, as the case may be, with, as a further precondition to exercise, a copy to the Issuer at its specified office, in each case (1) (in the case of American Style Warrants) not later than 10.00 a.m. (Brussels or Luxembourg time, respectively) on any Business Day (the “Exercise Date”) during the Exercise Period or (2) (in the case of European Style Warrants) at any time after 10.00 a.m. (Brussels or Luxembourg time, respectively) on the Exercisable Business Day immediately preceding the relevant Exercise Date but not later than 10.00 a.m. (Brussels or Luxembourg time, respectively) on the relevant Exercise Date:

- (i) specifying the number of Warrants being exercised;
- (ii) specifying the number of the Warrantholder’s account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised;
- (iii) irrevocably instructing Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the account of the relevant holder with the Warrants being exercised and to credit the account of the Issuer;
- (iv) including an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other similar taxes or duties due by reason of the exercise of Warrants by such Warrantholder and an authorisation to the Issuer to deduct any such taxes or duties from the Settlement Amount or any other amount payable by the Issuer to the Warrantholder in connection with the exercise of such Warrants;
- (v) specifying the name and the number of the Warrantholder’s account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with the Settlement Amount or any other amount payable by the Issuer to the Warrantholder in connection with the exercise of such Warrants;
- (vi) certifying that such Warrants are not being exercised by or on behalf of any U.S. persons, that payment or delivery with respect to duly exercised Warrants will not be made to, or for the account of, a U.S. person and that none of such Warrants was purchased by the holder in the United States; and
- (vii) authorising the production of such certification in applicable administrative or legal proceedings.

(b) *Verification of the Warrantholder*

Upon receipt of an Exercise Notice, the Issuer shall request Euroclear or Clearstream, Luxembourg, as the case may be, to verify that the person exercising the Warrants specified therein was, as at 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the Exercise Date, the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. If Euroclear or Clearstream, Luxembourg, as the case may be, is unable so to verify, such Exercise Notice shall be deemed not to have been given. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the Warrants being exercised from the

account of the Warrantholder specified in the Exercise Notice (but without prejudice to the accrued rights of the relevant Warrantholder).

(c) *Settlement*

The issuer shall, for each Warrant being exercised, on the Settlement Date transfer or procure the transfer of the Settlement Amount, or any other cash payment due in respect of each Warrant in accordance with the relevant Terms, less any taxes or duties which the Issuer is authorised to deduct under the Exercise Notice, to the Warrantholder's account as specified in the relevant Exercise Notice, for value on the Settlement Date.

(d) *Determination*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Issuer and shall be conclusive and binding on the Issuer, the Calculation Agent (if any) and the Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Issuer immediately after being sent to Euroclear or Clearstream, Luxembourg, as the case may be, shall be void. If such Exercise Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Exercise Notice submitted at the time the correction is delivered.

(e) *Effect of Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Warrantholder to exercise the Warrants specified therein in the manner specified therein. After delivery of such Exercise Notice, such exercising Warrantholder may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantholder does so transfer or attempts so to transfer such Warrants, the Warrantholder will be liable to the Issuer for any loss, costs and expenses suffered or incurred by the Issuer or any of its affiliates through whom it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its affiliates through whom it has hedged its position having terminated or commenced any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

5. Illegality

The Issuer shall have the right to terminate the Warrants, by giving notice to the Warrantholders and any Calculation Agent appointed in relation to the Warrants, if it determines in good faith that its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power ("Applicable Law"). In such circumstances, the Issuer will, however, if and to the extent permitted by Applicable Law, cause to be paid to each Warrantholder in respect of each such Warrant held by it an amount determined by the Issuer or, if a Calculation Agent has been appointed for the Warrants, the Calculation Agent as representing the fair market value of such Warrant immediately prior to such termination (ignoring any such illegality). Payment will be made to Euroclear or Clearstream, Luxembourg, as the case may be, in such manner as shall be notified to the Warrantholders in accordance with the procedure set out in Condition 11.

6. Purchase by the Issuer

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased will be surrendered for cancellation and may not be reissued or resold.

7. Minimum Number of Warrants Exercisable

If a Minimum Exercise Number is specified in the relevant Terms, the Warrants may not be exercised in a number less than the Minimum Exercise Number or such multiples in which such Warrants may be exercised in accordance with the relevant Terms.

8. Maximum Exercise of Warrants

If Warrants are designated in the relevant Terms as "American Style" and a Maximum Exercise Number is specified in the relevant Terms, then if following any Exercise Date other than the Final Exercise Date the Issuer determines that more than the Maximum Exercise Number of Warrants (the "Quota") were exercised on such Exercise Date by a single Warrantholder or a group

of Warranholders, then the Issuer may deem the Valuation Date for the first Quota of such Warrants exercised by such Warranholder or group of Warranholders to be the originally applicable Valuation Date for Warrants exercised on such Exercise Date, and the Valuation Date for each additional Quota of Warrants (or part thereof, in the case of the last amount) exercised by such Warranholder or group of Warranholders to be the respective Valuation Dates applicable to each succeeding date following such Exercise Date on which such Warrants could have been exercised, until all such Warrants exercised on such Exercise Date by such Warranholder or group of Warranholders have been given a Valuation Date. In any case where more than the Quota of Warrants are so exercised on the same day by a Warranholder or group of Warranholders acting in concert, the order of settlement in respect of such Warrants shall be at the discretion of the Issuer. Notwithstanding the foregoing, the Issuer may, at any time, in its discretion, accept more than the Quota of Warrants for exercise on any Exercise Date.

9. Issuer's Specified Office and the Calculation Agent

(a) Changes in Specified Office or Calculation Agent

The specified office of the Issuer is set out at the foot of these General Conditions. The Issuer reserves the right at any time to change its specified office or to vary or terminate the appointment of any Calculation Agent appointed for the Warrants and to appoint other or additional Calculation Agents, provided that there will always be a Calculation Agent where so required by the Terms. Notice of any variation or termination of appointment and of any changes in the specified office of the Issuer or Calculation Agent will be given to the Warranholders in accordance with the procedures set out in Condition 11. The Calculation Agents are acting solely as agents of the Issuer and do not assume any obligations or duty to, or any relationship of agency or trust for or with, the Warranholders.

(b) Amendments to Agency Agreement

The Agency Agreement may be amended by the parties thereto without the consent of the Warranholders if, in the opinion of such parties, the amendment will not materially and adversely affect the interests of the Warranholders.

(c) Calculation Agent

All calculation functions required of the Calculation Agent under these Conditions and any Global Warrant may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

(d) Calculations

The Calculation Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer and the Warranholders.

10. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warranholders to create and issue further Warrants so as to form a single series with the Warrants.

11. Notices

All notices to Warranholders will be valid if delivered to Euroclear and Clearstream, Luxembourg for communication by them to entitled account holders and, so long as the Warrants are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, if published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given on the date of such delivery and publication or, if so delivered and published more than once or on different dates, on the date of the first such delivery and publication.

12. Taxation

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

13. Governing Law and Jurisdiction

(a) Governing Law:

The Global Warrants shall be governed by, and construed in accordance with, the laws of England.

(b) *Jurisdiction:*

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Warrants and accordingly any legal action or proceedings ("Proceedings") arising out of or in connection with any Warrants may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Warranholders and shall not limit the right of any of them to take Proceedings in any 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) to the extent permitted by applicable law.

The Issuer has appointed the General Manager of its London branch as its agent in England to receive service of process in any Proceedings in England based on any of the Warrants. If for any reason such process agent ceases to act as such or no longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify Warranholders of such appointment.

14. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.

GENERAL CONDITIONS OF THE BEARER WARRANTS

The following is the text of the General Conditions of the Bearer Warrants that, subject to completion and amendment and as supplemented or varied in accordance with the Terms set out in the relevant Final Terms for the Warrants, shall be applicable to the Bearer Warrants. Either (i) the full text of these General Conditions together with the relevant provisions of the Final Terms for the Warrants or (ii) these General Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Definitive Warrants. All capitalised terms that are not defined in these General Conditions will have the meanings given to them in the relevant Final Terms for the Warrants. Those definitions will be included in the Terms, which shall be endorsed on the Bearer Warrants. References in these Conditions to “Warrants” are to the Bearer Warrants of one Series only, not to all Bearer Warrants that may be issued under the Programme.

The Warrants are subject to these General Conditions, as modified and/or supplemented by the terms of the Warrants (the “Terms”) endorsed hereon. The Warrants are issued under the Programme of the Issuer for the issue of Euro Medium Term and Undated Notes, other debt securities and warrants. Expressions used herein and not defined shall have the meaning given to them in the Terms. References in these General Conditions to “Calculation Agent” are to the Calculation Agent (if any) appointed in relation to the Warrants and specified in the Terms.

1. Form and Title

(a) Form

The Warrants are issued in bearer form.

(b) Title

Title to the Warrants shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Warrant shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating such holders.

In these General Conditions, “Warrantholder” and “holder” mean the bearer of any Warrant.

2. Status

The Warrants represent unsubordinated and unsecured contractual obligations of the Issuer. The Warrants rank equally among themselves and, save for such exceptions as may be provided by applicable legislation, *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

3. Exercise Rights

(a) Exercise Period—American Style Warrants

Warrants designated in the relevant Terms as “American Style” are exercisable on any Business Day during the period from, but excluding, the Issue Date to and including the Final Exercise Date (such period, the “Exercise Period”) subject to prior termination of the Warrants as provided in Condition 5.

(b) Exercise Period—European Style Warrants

Warrants designated in the relevant Terms as “European Style” are exercisable on the Exercise Date or Exercise Dates (or, if such a day is not a day on which Euroclear and Clearstream, Luxembourg are open for business (an “Exercisable Business Day”), the next following such day) (each an “Exercise Date”, the latest such Exercise Date being the “Final Exercise Date”) subject to prior termination of the Warrants as provided in Condition 5.

(c) Entitlement

The rights attaching to each Warrant on exercise (including any provisions relating to adjustments, market disruption and certain other matters) will be as set out in the relevant Terms.

(d) Failure to Exercise

Any Warrant with respect to which no Exercise Notice has been delivered to the Issuer in the manner set out in Condition 4, at or prior to 10.00 a.m. (Luxembourg time) on the relevant Final Exercise Date shall become void.

4. Exercise Procedure

(a) Exercise Notice

Each Warrant may be exercised by presentation and surrender of such Warrant together with a duly completed exercise notice in writing (copies of which may be obtained from the specified office of the Issuer) (an "Exercise Notice") to the Issuer at its specified office (1) (in the case of American Style Warrants) not later than 10.00 a.m. (Luxembourg time) on any Business Day (the "Exercise Date") during the Exercise Period or (2) (in the case of European Style Warrants) at any time after 10.00 a.m. (Luxembourg time) on the Exercisable Business Day immediately preceding the relevant Exercise Date but not later than 10.00 a.m. (Luxembourg time) on the relevant Exercise Date: (i) specifying the number of Warrants being exercised; (ii) including an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other similar taxes or duties due by reason of the exercise of Warrants by such Warrantholder and an authorisation to the Issuer to deduct any such taxes or duties from the Settlement Amount or any other amount payable by the Issuer to the Warrantholder in connection with the exercise of such Warrants; (iii) certifying that such Warrants are not being exercised by or on behalf of any U.S. persons, that payment or delivery with respect to duly exercised Warrants will not be made to, or for the account of, a U.S. person and that none of such Warrants was purchased by the holder in the United States; and (iv) authorising the production of such certification in applicable administrative or legal proceedings.

(b) Settlement

The Issuer shall, for each Warrant being exercised, pay the Settlement Amount, or any other cash payment due in respect of each Warrant in accordance with the relevant Terms, less any taxes or duties which the Issuer is authorised to deduct under the Exercise Notice, in accordance with Condition 9 on the Settlement Date.

(c) Determination

Any determination as to whether an Exercise Notice is duly completed and in proper form and accompanied by the correct Warrants shall be made by the Issuer and shall be conclusive and binding on the Issuer, the Calculation Agent (if any) and the Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form shall be void. If such Exercise Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Exercise Notice submitted at the time the correction is delivered.

(d) Effect of Exercise Notice

Delivery of an Exercise Notice together with the surrender of one or more Warrants shall constitute an irrevocable election and undertaking by the relevant Warrantholder to exercise the Warrants so delivered and surrendered and specified in the Exercise Notice in the manner specified in the Exercise Notice.

5. Illegality

The Issuer shall have the right to terminate the Warrants, by giving notice to the Warrantholders and any Calculation Agent appointed in relation to the Warrants, if it determines in good faith that its performance thereunder has become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power ("Applicable Law"). In such circumstances, the Issuer will, however, if and to the extent permitted by Applicable Law, cause to be paid to each Warrantholder in respect of each such Warrant held by it an amount determined by the Issuer or, if a Calculation Agent has been appointed for the Warrants, the Calculation Agent as representing the fair market value of such Warrant immediately prior to such termination (ignoring any such illegality). The Issuer shall notify the Warrantholders of the termination in accordance with the procedure set out in Condition 13. Payment will be made to the Warrantholders in accordance with the procedures described in Condition 9 or in such other manner as shall be notified to the Warrantholders.

6. Purchase by the Issuer

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased will be surrendered for cancellation and may not be reissued or resold.

7. Minimum Number of Warrants Exercisable

If a Minimum Exercise Number is specified in the relevant Terms, the Warrants may not be exercised in a number less than the Minimum Exercise Number or such multiples in which such Warrants may be exercised in accordance with the relevant Terms.

8. Maximum Exercise of Warrants

If Warrants are designated in the relevant Terms as “American Style” and a Maximum Exercise Number is specified in the relevant Terms, then if following any Exercise Date other than the Final Exercise Date the Issuer determines that more than the Maximum Exercise Number of Warrants (the “Quota”) were exercised on such Exercise Date by a single Warrantheader or a group of Warrantheaders, then the Issuer may deem the Valuation Date for the first Quota of such Warrants exercised by such Warrantheader or group of Warrantheaders to be the originally applicable Valuation Date for Warrants exercised on such Exercise Date, and the Valuation Date for each additional Quota of Warrants (or part thereof, in the case of the last amount) exercised by such Warrantheader or group of Warrantheaders to be the respective Valuation Dates applicable to each succeeding date following such Exercise Date on which such Warrants could have been exercised, until all such Warrants exercised on such Exercise Date by such Warrantheader or group of Warrantheaders have been given a Valuation Date. In any case where more than the Quota of Warrants are so exercised on the same day by a Warrantheader or group of Warrantheaders acting in concert, the order of settlement in respect of such Warrants shall be at the discretion of the Issuer. Notwithstanding the foregoing, the Issuer may, at any time, in its discretion, accept more than the Quota of Warrants for exercise on any Exercise Date.

9. Payments

Payments of the Settlement Amount and any other amounts due in respect of the Warrants shall be made against presentation and surrender of the relevant Warrants at the specified office of the Issuer on the Settlement Date by a cheque payable in the currency in which such payment is due drawn on, or at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; provided that, in the case of payment in Japanese yen to a non- resident of Japan, the transfer shall be to a non-resident Japanese yen account with an authorised foreign exchange bank.

10. Replacement of Warrants

If a Warrant is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Issuer or specified office of such agent of the Issuer as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Warrantheaders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Warrant is subsequently presented for exercise or payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Warrants) and otherwise as the Issuer may require. Mutilated or defaced Warrants must be surrendered before replacements will be issued.

11. Issuer’s Specified Office and the Calculation Agent

(a) Changes in Specified Office or Calculation Agent

The specified office of the Issuer is set out at the foot of these General Conditions. The Issuer reserves the right at any time to change its specified office or to vary or terminate the appointment of any Calculation Agent appointed for the Warrants and to appoint other or additional Calculation Agents, provided that there will always be a Calculation Agent (which may be the Issuer) where so required by the Terms. Notice of any variation or termination of appointment and of any changes in the specified office of the Issuer or Calculation Agent will be given to the Warrantheaders in accordance with the procedures set out in Condition 13. The Calculation Agents are acting solely as agents of the Issuer and do not assume any obligations or duty to, or any relationship of agency or trust for or with, the Warrantheaders.

(b) Calculation Agent

All calculation functions required of the Calculation Agent under these Conditions and any Warrant may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

(c) *Calculations*

The Calculation Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantheolders.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warrantheolders to create and issue further Warrants so as to form a single series with the Warrants.

13. Notices

All notices to Warrantheolders will be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *d'Wort*) except that for so long as the Warrants are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

14. Taxation

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

15. Governing Law and Jurisdiction

(a) *Governing Law:*

The Warrants shall be governed by, and construed in accordance with, the laws of Luxembourg.

(b) *Jurisdiction:*

The Courts of Luxembourg are to have jurisdiction to settle any disputes that may arise out of or in connection with any Warrants and accordingly any legal action or proceedings ("Proceedings") arising out of or in connection with any Warrants may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of Luxembourg and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Warrantheolders and shall not limit the right of any of them to take Proceedings in any 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) to the extent permitted by applicable law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in respect of Senior Notes and issued in NGN form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other permitted clearing system (an “Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme—Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided below, in part for Definitive Notes or, in the case of (iii) below, Registered Notes:

- (i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;
- (ii) if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, (2) if principal in respect of any Notes is not paid when due by the holder giving notice to the Fiscal Agent of its election for such exchange or (3) in such circumstances as are specified in the relevant Final Terms.

3. *Global Certificates*

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (Transfers of Registered Notes) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) in such circumstances as are specified in the relevant Final Terms; or
- (iv) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

5. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an

aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. *Exchange Date*

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1. *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form, will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) of the terms and conditions (in relation to Senior Notes) and Condition 6(e)(vii) and Condition 7(d) of the terms and conditions (in relation to Subordinated Notes) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure the details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

2. *Prescription*

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9 in the case of the Senior Notes and in Condition 8 in the case of the Subordinated Notes).

3. *Meetings*

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. *Cancellation*

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

5. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. *Issuer's Option*

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

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8 *NGN nominal amount*

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9. *Events of Default*

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 of the Senior Notes or Condition 9 of the Subordinated Notes by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system under the terms of Deed of Covenant executed as a deed

by the Issuer on 9th November 1995 and amended and restated on 2nd July, 2003 (as amended, restated or supplemented from time to time) in relation to Senior Notes that are not denominated in Luxembourg francs or EUR, and under the terms of an Undertaking governed by Luxembourg law executed by the Issuer on 9th November 1995 and amended and restated on 2nd July, 2003 (as amended, restated or supplemented from time to time) in relation to Senior Notes that are denominated in Luxembourg francs or EUR and Subordinated Notes. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

10. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly- paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds of the issue of the Notes and Warrants will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms or Final Terms for the Warrants, as the case may be.

DEXIA BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME

Dexia Banque Internationale à Luxembourg, société anonyme (the “Issuer”, “Dexia BIL” or the “Bank”), together with Dexia Banque Belgium S.A. in Belgium and Dexia Crédit Local in France, is a member of the European banking group Dexia (“Dexia Group” or “the Group”) which is one of the fifteen largest financial institutions listed on the stock market in the euro-zone according to Fininfo. Dexia BIL’s main business activities cover the fields of commercial banking, private banking, financial banking, asset management and investment fund administration services.

Introduction

Dexia BIL was incorporated in Luxembourg on 8th March, 1856 in the form of a *société anonyme* (limited liability company), governed by Luxembourg law. Its registered office is located at 69, route d’Esch, Luxembourg, L-1470 Luxembourg, telephone number +352 45901. Dexia BIL is registered in the Luxembourg Register of Commerce and Companies under number B-6307.

Dexia BIL’s duration is unlimited.

Object

Dexia BIL’s *statuts* (articles of incorporation) were approved by the royal grand ducal decrees of 8th March and 14th April, 1856 and have been amended from time to time. Amendments to the *statuts* are published in the *Mémorial C, Recueil des Sociétés et Associations* (the “*Mémorial*”). The most recent amendment was made on 29th September, 2006.

The objects of Dexia BIL are to undertake all banking and financial operations of whatsoever kind, and, *inter alia*, to accept deposits from the public or any other person or institutions and to grant credit for its own account. It may also undertake all activities reserved for investment firms and to other professionals in the financial sector and all financial, administrative, management and advisory operations directly or indirectly related to its activities. It may establish subsidiaries, branches and agencies in or outside Luxembourg and participate in all financial, commercial and industrial operations.

History

Dexia BIL is a leading bank in the Luxembourg financial centre in terms of total assets and number of employees and is also the oldest bank in the Grand Duchy. Since it was founded, it has played an active role in shaping the development of Luxembourg’s economy.

In 1991 Crédit Communal de Belgique became the Bank’s principal shareholder, owning 51 per cent. of its capital. In 1996, the Dexia Group was created by a cross-border merger of Crédit Communal de Belgique and Crédit local de France. Currently the Dexia Group holds 99.92 per cent. of the shares in Dexia BIL.

In 1995 Moody’s and Standard and Poor’s rated Dexia BIL AA3/AA-, and upgraded this rating to Aa2 and AA in 1998 and 1999 in response to the Bank’s modernisation of its business. By the end of 2000, Fitch IBCA had upgraded the long-term debt rating of Dexia BIL from AA to AA+. This announcement confirmed the successful integration of Dexia BIL into the Dexia Group and its expectations of long-term stability. The above ratings remain current as at the date of this Prospectus.

To underline its importance within the Dexia Group, Banque Internationale à Luxembourg changed its trading name to Dexia Banque Internationale à Luxembourg, société anonyme on 27th May, 2000. The Dexia logo is now used by all the Group’s operating companies. Crédit Communal de Belgique has been Dexia Banque since 21st May, 2000 and Crédit Local de France is now Dexia Crédit Local. The signs on Dexia buildings are shared worldwide and strengthen the coherence of the Group’s brand image.

Commercial banking

Dexia BIL has approximately forty retail branches in Luxembourg offering a fast and efficient service and providing customers with a simple and comprehensive range of products at competitive rates.

Dexia BIL’s commitment to quality of service manifests itself in the modernisation of network facilities and the creation of automatic branches in the form of servibank terminals offering a range of banking activities at each branch, which allows Dexia BIL to position itself favourably in an evolving financial world.

Private banking

Dexia BIL has private banking centres across Luxembourg. These bring together, in one institution, a team of investment specialists who provide seamless solutions to clients looking for a discreet and customised service.

Dexia BIL offers a broad spectrum of products, ranging from fixed-term deposits in the world's major currencies to the sale of shares, bonds, certificates, gold and hedging instruments to sophisticated wealth management services.

The Private Banking division assists with the setting up of financial structures and packages which rely on a combination of legal and shareholder solutions to address estate planning or wealth structuring.

Financial banking

Through its membership of the Dexia Group, Dexia BIL has built up its activities in the capital markets. It pursues an aggressive international lending strategy with creditworthy partners.

Dexia BIL has a key role to play in the Dexia Group's capital market business. Under the name of Dexia Capital Markets, it aims to provide a complete range of financing services to members of the Dexia Group, as well as to all other clients, by exploiting the opportunities offered by the markets.

Asset management

For several years the Dexia Group, primarily through Dexia BIL and its subsidiaries, has been developing asset management services for its private clients.

Created in Luxembourg in 1999, Dexia Asset Management brings together the various asset management teams within Dexia.

Today, Dexia Asset Management is one of the largest asset management companies in Europe. The company offers a broad range of equity, bond and speciality funds and manages around EUR100 billion for private and institutional investors. In the Sustainable and Responsible Investment (SRI) segment, Dexia Asset Management is market leader in Europe, and in the Hedge Fund segment it is in the top 5 in Europe.

Investment fund administration services

Dexia BIL is a market leader in Luxembourg in Undertakings for Collective Investment (UCIs) in terms of the number of UCIs handled according to Fitzrovia.

Today, Dexia BIL, through RBC Dexia Investor Services, is a key player in Europe and Asia in the fields of global custody, trustee and administration of investment funds, pension funds and managed accounts.

RBC Dexia Investor Services offers institutional investors worldwide an integrated suite of products. With USD 2.1 trillion (as at 30th June 2006) in client assets under administration, RBC Dexia Investor Services ranks among the world's top 10 global custodians.

RBC Dexia Investor Services is a joint venture equally owned by Royal Bank of Canada and Dexia.

Shareholders

Dexia BIL's majority shareholder is Dexia S.A. which holds a direct participation in Dexia BIL's capital (57.66 per cent.) and an indirect participation via Dexia Participation Luxembourg S.A. (42.26 per cent.).

Principal Subsidiaries

At 30th June, 2006, Dexia BIL held a direct interest of at least 20 per cent. in the capital of the following undertakings:

Name of Company	Registered Office	Proportion of Capital held
BIL Invest N.V.	Curaçao, Netherlands Antilles	100.00%
BIL RE S.A.	Luxembourg	99.99%
BIL TRUST LIMITED	St Peter Port, Guernsey	100.00%
Compagnie Financière BIL S.A. & Cie S.e.c.s.	Luxembourg	100.00%
Dexia Asset Management Luxembourg S.A.	Luxembourg	51.00%
Dexia Bank Denmark A/S	Copenhagen, Denmark	100.00%
Dexia Banque Privée (Suisse)	Zurich, Switzerland	100.00%
Dexia Banque Privée France S.A.	Paris, France	100.00%
Dexia BIL Asia Singapore Ltd	Singapore	100.00%
Dexia EFM Holdings Ltd	London, UK	100.00%
Dexia Financière S.A.	Brussels, Belgium	69.46%
Dexia Nominees (UK) Ltd	London, UK	100.00%
Dexia Private Bank Jersey Ltd	St. Helier, Jersey	100.00%
Dexia Securities France Hldg S.A.	Paris, France	100.00%
Europay Luxembourg S.C.	Luxembourg	28.10%
Experta Corporate and Trust Services S.A.	Luxembourg	100.00%
Experta Trust Services Jersey Ltd	St. Helier, Jersey	100.00%
I.B. Finance S.A.	Luxembourg	99.95%
Immo-Croissance Conseil S.A.	Luxembourg	33.33%
Lothbury Nominees Ltd	London, UK	100.00%
Popular Banca Privada S.A.	Madrid, Spain	40.00%
RBC Dexia Investor Services Ltd	London, UK	50.00%
Société de la Bourse de Luxembourg S.A.	Luxembourg	21.41%
Société Luxembourgeoise de Leasing - BIL Lease S.A.	Luxembourg	100.00%
Truswell S.I.T.C	Taipei, Taiwan	20.00%

Board of Directors and Management

Dexia BIL is managed by a Board of Directors. The Honorary Chairman of the Board of Directors is M. Gaston Thorn.

Board of Directors

François Narmon, Chairman

Pierre Richard, Vice Chairman, Chairman of the Board of Directors of Dexia

Frank Wagener, CEO, Chairman of the Management Board of Dexia BIL

Philippe Bourguignon, Vice Chairman of Revolution Resorts

Jean Duschène, Chairman of the Employees' Delegation

Fernand Fischer, Member of the Employees' Delegation

Luc Onclin, Doctor of Law

Simone Retter, Lawyer and Partner at Arendt & Medernach

Jacques Rogge, Chairman of the International Olympic Committee

Serge Schimoff, Vice-Chairman of the Employees' Delegation

Gaston Schwertzer, Member of the Board of Directors of Dexia

René Steichen, Chairman of the Board of Directors of SES Global

Donny Wagner, Member of the Employees' Delegation

Fernand Welschbillig, Member of the Employees' Delegation

Management Board

Frank Wagener, Chairman

Axel Miller, Member

Jacques Guerber, Member

Dirk Bruneel, Member

Xavier de Walque, Member

Dexia BIL is not aware of any potential conflict of interest between the duties to Dexia BIL of the Directors and their private interests or other duties.

The business address of each of the Directors is 69, route d'Esch, Luxembourg, L-1470 Luxembourg.

Executive Committee

Frank Wagener, Vice Chairman

Thierry Delnoisse, Member

Philippe Jouard, Member

André Lecoq, Member

Pierre Malevez, Member

Christian Schaiff, Member

Fiscal Year and Accounts

Dexia BIL's fiscal year corresponds to the calendar year. The financial statements of Dexia BIL were denominated in EUR and prepared in accordance with Luxembourg generally accepted accounting principles until 31st December, 2005. From the financial year starting 1st January, 2006, the consolidated financial statements of Dexia BIL have been prepared in accordance with IFRS.

Auditors

The auditors of Dexia BIL are PricewaterhouseCoopers S.à r.l., 400 route d'Esch, B.P. 1443, L-1014 Luxembourg.

UNAUDITED CASH FLOW STATEMENT

The cash flow statements below have been drawn up solely and exclusively for the purpose of the compliance of this Prospectus with the requirements of Directive 2003/71/EC. As a consequence, these cash flow statements have been established after the date on which the audited consolidated financial statements for the financial years 2004 and 2005 have been published and therefore they have not been audited by the statutory auditors of the Issuer. The cash flow statements for the financial years ended 31st December, 2004 and 2005 have been subject to a limited review by the auditors in accordance with International Standards on Review Engagements 2400.

	31 December, 2005	31 December, 2004
	in thousands EUR	
Cash flow from operating activities		
Consolidated net Income after income taxes	226,514	(51,780)
Minority interests in consolidated net income	64,392	(25,949)
Income from associates (except dividends received)	(2,069)	(743)
Dividends received from associates	0	0
Amortisation of tangible and intangible assets	36,367	44,819
Amortisation of goodwill	0	228,261
Allowances for loan losses	(7,310)	186,909
Allowances on fixed income securities available for sale and other securities	(8,333)	2,243
Allowances on long-term investments	871	1,496
Change in provisions	(948)	382,504
Change in general banking risks reserve	542	231
Deferred taxes	36,219	(185,205)
Net gains on sale of assets and securities available for sale	(19,167)	(82,453)
Change in operating working capital requirements	(59,391)	(1,769,800)
Net cash provided by operating activities	267,867	(1,269,467)
Cash flow from investing activities		
Acquisition of tangible assets	(66,938)	(75,562)
Acquisition of intangible assets	(77,571)	(5,081)
Acquisition of securities available for sale and investment securities	(28,657,940)	(18,990,542)
Acquisition of long-term investments	(47,832)	(61,465)
Sale of tangible assets	78,418	81,448
Sale of intangible assets	2,401	819
Sale of securities available for sale and investment securities	23,856,780	19,084,241
Sale of long-term investments	1,064,235	175,907
Net cash provided by investing activities	(3,848,447)	209,765
Cash flow from financing activities		
Capital increase	0	0
Increase of additional paid-in-capital	0	2
Increase of capital/additional paid-in-capital received from third parties	0	0
Issue/reimbursement of subordinated debt	(94,453)	(123,957)
Purchase/sale of company shares	(287)	(197)
Dividend paid	(37,725)	(53,860)
Net cash provided by financing activities	(132,465)	(178,012)
Net increase in cash & cash equivalent	(3,713,225)	(1,237,714)
Cash & cash equivalent at the beginning of period <i>(excluding outstanding accrued interest)</i>	1,792,904	3,030,618
Change	(3,713,225)	(1,237,714)
Cash & cash equivalent at the end of period <i>(excluding outstanding accrued interest)</i>	(1,920,321)	1,792,904

Basis of Preparation:

The statement of cash flows is inspired by International Accounting Standard IAS 7. Some notes on acquisitions and sales and some complementary information default in comparison with IAS 7 requisites. Using the indirect method, it analyzes the change in net cash and cash equivalents by noting the contribution of each activity (operating, investing and financing). The indirect method reconstitutes the flows based on the year's net income.

The item net cash and cash corresponds to the difference between:

- cash and cash equivalents in the assets excluding accrued interest (i.e. government securities eligible for national bank refinancing and interbank sight loans and advances);
- cash equivalents in the liabilities excluding accrued interest (i.e. interbank sight loans and deposits).

The change in net cash and cash equivalents is broken down by distinguishing three categories of activities.

- Operating activities include cash flows generated by self-financing activities, i.e. the year's net income corrected for income items that do not create any real cash flow (cash revenues/expenditures), as for example net allocation to depreciation, write-downs, reserves, etc. and income items corresponding to investing and financing activities (i.e. non-trading) as well as changes in accruals which together make it possible to link the income to the year in question. The gross change in working capital requirements corresponds to the difference between gross changes in asset items related to operating activities and gross changes in liabilities related to operating activities.
- Investing activities correspond to the purchase and sale of long-term assets and all other investments not included in operating activities. With respect to companies accounted for under the equity method, only cash movements between the parent company and its affiliate are included in the statement of cash flows (reversal of income and reincorporation of dividends paid to the parent company). The net cash of the companies acquired is (totally or partially) deducted from the purchase price and the net cash of the companies sold is (totally or partially) deducted from the selling price.
- Financing activities generate cash flows arising from changes in the amount and composition of shareholders' equity and borrowings on the capital markets.

Capital Adequacy

The following table sets forth the total capital and capital adequacy (or solvency) ratios (as a percentage of risk-weighted assets) for Dexia BIL, on both a consolidated and a non-consolidated basis, based on Luxembourg banking regulations in each case as of 30th June, 2006. It was extracted without material adjustment from the unaudited financial statements of the Issuer.

	As at 30th June, 2006	
	Consolidated	Non-Consolidated
	(unaudited)	
	(in EUR, except ratios)	
Total eligible own funds	2,626,353,036.00	1,826,648,025.00
Core (Tier 1) capital***	2,003,289,798.00	2,795,064,947.00
Tier 2 capital	596,228,194.00	596,228,194.00
Tier 3 capital	29,747,223.00	15,210,509.00
Participations/deductibles from own funds	2,912,179.00	979,855,625.00
Core capital ratios*	9.44	12.01
Total capital adequacy ratios**	12.37	10.00

* equals to "Core (Tier 1) capital" divided by "Overall capital requirements to cover risks" (12.5% applied).

** equals to "Total eligible own funds" divided by "Overall capital requirements to cover risks" (12.5% applied).

*** the unaudited result as at 30th June, 2006 is included in that caption.

CONSOLIDATED FINANCIAL HIGHLIGHTS

These financial highlights have been extracted without material adjustment from the audited consolidated financial statements of the Issuer prepared in accordance with Luxembourg GAAP.

	31 December, 2005	31 December, 2004
	(in thousands of EUR)	
Assets		
Banks & government bills ⁽¹⁾	31,949,529	22,734,275
Customer loans & advances ⁽²⁾	9,705,956	10,756,137
Securities ⁽³⁾	21,729,931	16,724,753
Participating interests & affiliated undertakings	64,667	107,708
Other assets ⁽⁴⁾	2,266,521	2,229,066
Total assets	65,716,604	52,551,939
Liabilities		
Banks	19,948,096	11,459,700
Customer deposits ⁽⁵⁾	41,142,375	35,261,644
Provisions	271,563	899,388
Loan capital	409,884	673,134
Share capital & reserves ⁽⁶⁾	2,088,102	2,241,716
Recover for the financial year	290,906	(77,788)
Other liabilities	1,565,678	2,094,145
Total liabilities	65,716,604	52,551,939

Notes:

- (1) Includes loans and advances to credit institutions
- (2) Includes leasing transactions
- (3) Includes own shares
- (4) Includes differences on first consolidation and tangible assets
- (5) Includes debts evidenced by certificates
- (6) Paid-up capital, share premiums, capital reserves, hybrid capital instruments, retained earnings, fund for general banking risks, special items with a reserve quote, minority interests and differences on first consolidation.

UNAUDITED RESULTS AS OF 30TH JUNE, 2006

UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

for the six months ended 30th June, 2006 and 30th June, 2005

This consolidated statement of assets and liabilities has been extracted without material adjustment from the unaudited consolidated financial statements of the Issuer prepared in accordance with Luxembourg GAAP.

	As at 30th June, 2006	As at 30th June, 2005
CASH, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS	2,753,874,118	2,599,937,983
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH THE CENTRAL BANK	289,665,026	73,941,213
Treasury bills and similar securities	267,608,746	40,768,326
Other bills eligible for refinancing with the central bank	22,056,280	33,172,887
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	34,072,958,669	26,590,478,280
Repayable on demand	11,474,184,988	5,262,810,284
Other loans and advances	22,598,773,681	21,327,667,996
LOANS AND ADVANCES TO CUSTOMERS	8,722,633,285	9,411,620,433
Public sector	232,967,357	221,604,383
Private customers	6,275,513,849	6,156,351,472
<i>Legal entities</i>	3,160,678,655	3,203,700,384
<i>Physical persons</i>	3,114,835,194	2,952,651,088
Financial institutions	2,214,152,079	3,033,664,578
LEASING TRANSACTIONS	131,593,181	126,459,429
DEBT SECURITIES AND OTHER FIXED-INCOME SECURITIES	23,299,758,271	20,094,588,950
Public sector	2,918,875,377	3,312,714,318
Credit institutions	11,358,864,455	9,630,968,605
Other issuers	9,022,018,439	7,150,906,027
SHARES AND OTHER VARIABLE-YIELD SECURITIES	345,268,238	376,179,791
Credit institutions	7,581,264	10,931,159
Financial institutions	13,478,830	34,139,540
Others	324,208,144	331,109,092
PARTICIPATING INTERESTS	57,248,596	54,189,340
Credit institutions	21,970,910	24,866,780
Financial institutions	9,045,477	8,894,026
Others	26,232,209	20,428,534
SHARES IN AFFILIATED UNDERTAKINGS	29,445,616	80,306,095
Credit institutions	30	1
Financial institutions	491,367	53,671,105
Others	28,954,219	26,634,989
PARTICIPATING INTERESTS (SUBSIDIARIES) ACCOUNTED FOR UNDER THE EQUITY METHOD		
INTANGIBLE ASSETS	150,161,762	26,276,338
DIFFERENCE ON FIRST CONSOLIDATION	0	0
DIFFERENCE ARISING FROM THE APPLICATION OF THE EQUITY METHOD	0	0
MINORITY INTERESTS		
EXCHANGE DIFFERENCES		
TANGIBLE ASSETS	573,455,452	587,838,512
OWN SHARES	628,500	289,500
OTHER ASSETS	737,440,400	843,720,140
of which : intra-group difference		
SUBSCRIBED CAPITAL UNPAID	0	0
of which : called-up capital	0	0
PREPAYMENTS AND ACCRUED INCOME	1,372,530,003	1,254,284,585
TOTAL ASSETS	72,536,661,117	62,120,110,589

	As at 30th June, 2006	As at 30th June, 2005
AMOUNTS OWED TO CREDIT INSTITUTIONS	24,235,485,177	16,453,293,899
Repayable on demand	8,842,172,628	5,480,306,877
With agreed maturity dates or periods of notice	15,393,312,549	10,972,987,022
AMOUNTS OWED TO CUSTOMERS	30,070,459,580	29,067,773,002
Savings deposits	1,280,676,987	1,392,448,911
Other debts	28,789,782,594	27,675,324,091
Repayable on demand	9,996,418,453	5,674,153,583
Public sector	450,823,388	209,534,083
Legal entities	8,168,856,195	4,275,697,428
Physical persons	1,376,738,870	1,188,922,072
With agreed maturity dates or periods of notice	18,793,364,142	22,001,170,508
Public sector	2,219,480,364	1,195,824,689
Legal entities	13,370,876,094	17,316,780,549
Physical persons	3,203,007,684	3,488,565,270
DEBTS EVIDENCED BY CERTIFICATES	12,488,758,763	11,148,879,337
Debt securities in issue	11,486,189,229	9,962,180,142
Other debts evidenced by certificates	1,002,569,534	1,186,699,195
OTHER LIABILITIES	707,793,086	809,135,549
of which : intra-group difference		
ACCRUALS AND DEFERRED INCOME	1,093,075,881	1,065,077,894
PROVISIONS FOR LIABILITIES AND CHARGES	290,334,989	267,717,707
Provisions for pensions and similar obligations	107,916,203	87,112,161
Provisions for taxation	44,121,980	51,524,317
Other provisions	138,296,806	129,081,229
relating to contingent liabilities	1,268,100	1,337,778
relating to off bal. sheet commitments		25,000
relating to investment management services and underwriting functions	8,308,114	11,395,325
rel. to invt mgt sv & underwr. funct.		
Others	128,720,592	116,323,126
SUBORDINATED LIABILITIES	576,441,462	491,344,558
of which : portion assimilated to equity	576,441,462	491,344,558
of which : portion non assimilated to equity		
SPECIAL ITEMS WITH A RESERVE QUOTA PORTION	49,988,407	42,619,904
of which : portion assimilated to equity	49,988,407	42,619,904
of which : portion non assimilated to equity		
FUND FOR GENERAL BANKING RISKS	4,840,707	4,822,783
VALUE ADJUSTMENTS	549,936,704	569,287,257
Value adjustment created pursuant to Article 62		
Lump-sum provision	1,155,248	1,501,724
Other value adjustments	548,781,456	567,785,533
PARTICIPATING SHARES	500,000,000	500,000,000
SUBSCRIBED CAPITAL	141,224,090	141,224,090
SHARE PREMIUM ACCOUNT	309,383,104	309,383,104
RESERVES	905,696,533	880,738,225
REVALUATION RESERVE		
DIFFERENCE ON FIRST CONSOLIDATION	0	38,354

	As at 30th June, 2006	As at 30th June, 2005
DIFFERENCE ARISING FROM THE APPLICATION OF THE EQUITY METHOD		
MINORITY INTERESTS	173,104,177	202,570,119
EXCHANGE DIFFERENCES	(6,320,476)	4,897,553
PROFIT OR LOSS BROUGHT FORWARD (+/-)	185,505	0
PROFIT OR LOSS FOR THE FINANCIAL YEAR (+/-)	446,273,428	161,307,254
Portion attributable to the group	403,863,047	146,219,435
Portion attributable to minority interests	42,410,381	15,087,819
TOTAL LIABILITIES	72,536,661,117	62,120,110,589
CONTINGENT LIABILITIES	1,891,242,974	2,617,364,424
Guarantees and other direct substitutes for credit	1,396,261,541	2,204,293,687
Acceptances		
Documentary credit	6,476,604	4,168,688
Guarantees by endorsement		
of which : guarantees by endorsement of bills rediscounted		
guarantees by endorsement : others		
Counter-guarantees	484,081,372	403,963,466
Others	4,423,457	4,938,583
COMMITMENTS	6,119,232,176	6,899,503,209
Forward purchase of assets	6,790,781	1,572,970
Forward sale of assets	98,654,941	123,959,234
Amounts not paid up on securities, participating interests and shares in affiliated undertakings	25,906,511	15,350,514
of which : amounts not paid up on fixed income securities		
Amounts not paid up on securities, participating interests – others	25,906,511	15,350,514
Confirmed credits, not used	5,887,858,015	6,758,273,439
Facilities for the issuance of debt instruments		
of which : sec. held in own portfolio		
Others		
Sale and repurchase transactions		
Settlement of spot transactions	18,034,473	
Others	81,987,455	347,052
OPERATIONS LINKED TO CURRENCY EXCHANGE RATES, INTEREST RATES AND OTHER MARKET RATES	136,126,358,564	84,271,269,551
Operations linked to currency exch.rates	40,284,852,661	34,963,372,434
Operations linked to exchange rates	94,970,843,314	47,572,355,078
Operations linked to other market rates	870,662,589	1,735,542,039
INVESTMENT MANAGEMENT SERVICES AND UNDERWRITING FUNCTIONS	419,605,300,508	492,591,382,843
Assets held by the credit institution on behalf of third parties	185,209,043,276	271,048,621,176
Fiduciary operations	819,798,845	1,545,007,395
Asset management	69,324,227,259	60,594,565,460
Securities underwriting		2,969,908
Agency functions	164,252,231,127	159,400,218,904
Others		
TOTAL OFF BALANCE SHEET ITEMS	563,742,134,222	586,379,520,027

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the six months ended 30th June, 2006 and 30th June, 2005

This consolidated profit and loss account has been extracted without material adjustment from the unaudited consolidated financial statements of the Issuer prepared in accordance with Luxembourg GAAP.

	For the six months ended 30th June, 2006	For the six months ended 30th June, 2005
INTEREST RECEIVABLE AND SIMILAR INCOME	2,344,249,932	1,703,559,974
Interest receivable on treasury bills and other bills eligible for refinancing with the central bank	4,314,711	1,590,264
<i>of which : bills similar in nature to securities</i>	<i>3,099,156</i>	<i>1,538,340</i>
Interest receivable on loans and advances to credit institutions	611,530,092	389,539,947
Interest receivable on loans and advances to customers	159,796,566	133,795,288
Interest receivable on leasing transactions	3,459,271	3,651,711
Interest receivable on debt securities and other fixed-income securities	425,427,246	313,198,357
Others	1,139,722,047	861,784,407
INTEREST PAYABLE AND SIMILAR CHARGES	(2,158,188,801)	(1,540,310,148)
Interest payable on amounts owed to credit institutions	(228,036,682)	(161,170,944)
Interest payable on amounts owed to customers	(457,354,591)	(354,416,247)
Interest payable on debt evidenced by certificates	(270,036,445)	(222,222,825)
Others	(1,202,761,083)	(802,500,132)
INCOME FROM SECURITIES	5,991,558	4,855,973
Shares and other variable-yield securities	1,839,365	1,443,006
Participating interests	2,940,479	2,833,152
Shares in affiliated undertakings		
Share of the profit or loss of undertakings accounted for under the equity method ..	1,211,714	579,815
COMMISSION RECEIVABLE	557,214,697	423,840,741
Contingent liabilities	5,431,678	3,366,460
Commitments	31,630	132,053
Investment management services and underwriting functions	551,751,389	420,342,228
COMMISSION PAYABLE	(142,954,190)	(98,677,583)
NET PROFIT OR NET LOSS ON FINANCIAL OPERATIONS	35,271,812	28,979,577
Net profit or net loss on securities valued by the 'lower of cost or market' method ..	(3,800,804)	6,466,243
Net profit or net loss on securities valued by the 'mark-to-market' method	194,761	701,891
Net profit or net loss on foreign exchange transactions	32,656,577	28,555,017
Net profit or net loss on precious metals transactions		
Net profit or net loss on operations linked to interest rates	6,201,876	(6,726,710)
Net profit or net loss on operations linked to other market rates	19,402	(16,864)
OTHER OPERATING INCOME	14,624,253	16,232,370
GENERAL ADMINISTRATIVE EXPENSES	(361,015,433)	(308,338,466)
Staff costs	(230,784,169)	(200,996,488)
Wages and salaries	(172,239,903)	(152,721,021)
Social security costs	(45,190,410)	(38,054,637)
<i>of which : social security costs relating to pensions</i>	<i>(18,152,530)</i>	<i>(13,333,735)</i>
Other staff costs	(13,353,857)	(10,220,830)
Other administrative expenses	(130,231,264)	(107,341,978)
VALUE ADJUSTMENTS IN RESPECT OF TANGIBLE AND INTANGIBLE FIXED ASSETS	(17,985,938)	(16,679,283)
Intangible assets	(7,775,923)	(2,254,180)
Tangible assets	(10,210,014)	(14,425,103)
VALUE ADJUSTMENTS IN RESPECT OF DIFFERENCE ON FIRST CONSOLIDATION	0	0
VALUE ADJUSTMENTS IN RESPECT OF DIFFERENCES ARISING FROM THE APPLICATION OF THE EQUITY METHOD		
OTHER OPERATING CHARGES	(15,006,290)	(20,027,625)

	For the six months ended 30th June, 2006	For the six months ended 30th June, 2005
VALUE ADJUSTMENTS IN RESPECT OF LOANS AND ADVANCES AND PROVISIONS FOR CONTINGENT LIABILITIES AND FOR COMMITMENTS	(10,438,200)	(15,778,079)
Loans and advances to credit institutions		
Loans and advances to customers (+ bills)	(9,570,354)	(15,392,079)
Leasing transactions		
Contingent liabilities	(502,692)	(41,000)
Off balance sheet commitments		
Lump-sum provision	(354,500)	(345,000)
Value adjustments created pursuant to Article 62 (4%)	(10,654)	
Value adjustments on securities included in the structural portfolio		
The debit balance resulting from the sale of securities included in the structural portfolio		
VALUE RE-ADJUSTMENTS IN RESPECT OF LOANS AND ADVANCES AND PROVISIONS FOR CONTINGENT LIABILITIES AND FOR COMMITMENTS	12,412,428	20,770,298
Loans and advances to credit institutions		332,902
Loans and advances to customers (+ bills)	12,286,761	19,612,994
Leasing transactions		
Contingent liabilities	100,780	520,729
Off balance sheet commitments		
Lump-sum provision	24,887	303,673
Income from the writing back of value adjustments created pursuant to Article 62 (4%)		
Income from the writing back of value adjustments on securities included in the structural portfolio		
The credit balance resulting from the sale of securities included in the structural portfolio		
VALUE ADJUSTMENTS IN RESPECT OF SECURITIES HELD AS FINANCIAL FIXED ASSETS, PARTICIPATING INTERESTS AND SHARES IN AFFILIATED UNDERTAKINGS	(7,319,218)	(8,248,819)
Value adjustments in respect of fixed-income securities held as financial fixed assets	(2,573,433)	(6,051,443)
of which : value adjustments in respect of fixed-income securities held as financial fixed assets	(4,745,785)	(2,197,376)
VALUE RE-ADJUSTMENTS IN RESPECT OF SECURITIES HELD AS FINANCIAL FIXED ASSETS, PARTICIPATING INTERESTS AND SHARES IN AFFILIATED UNDERTAKINGS	2,935,308	833,304
Income from the writing back of value adjustments in respect of fixed-income securities held as financial fixed assets	1,545,660	303,174
of which : income from the writing back of value adjustments in respect of fixed-income securities held as financial fixed assets	1,389,648	530,130
TRANSFERS TO 'SPECIAL ITEMS WITH A RESERVE QUOTA PORTION' INCOME FROM THE WRITING BACK OF 'SPECIAL ITEMS WITH A RESERVE QUOTA PORTION'	440,761	317,967
TRANSFERS TO THE FUND FOR GENERAL BANKING RISKS INCOME FROM THE WRITING BACK OF AMOUNTS INCLUDED IN THE FUND FOR GENERAL BANKING RISKS		
TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES	(66,044,564)	(23,102,086)
PROFIT OR LOSS ON ORDINARY ACTIVITIES AFTER TAX (+/-)	194,188,115	168,228,115

	For the six months ended 30th June, 2006	For the six months ended 30th June, 2005
EXTRAORDINARY INCOME	273,299,554	911,652,514
EXTRAORDINARY CHARGES	(15,611,728)	(913,647,626)
EXTRAORDINARY PROFIT OR LOSS (+/-)	257,687,826	(1,995,112)
TAX ON EXTRAORDINARY PROFIT OR LOSS		
EXTRAORDINARY PROFIT OR LOSS AFTER TAX (+/-)	257,687,826	(1,995,112)
OTHER TAXES NOT SHOWN UNDER THE PRECEDING ITEMS	(5,602,513)	(4,925,749)
PROFIT OR LOSS FOR THE FINANCIAL YEAR (+/-)	446,273,428	161,307,254
Portion attributable to the group	(403,863,047)	(146,219,435)
Portion attributable to minority interests	(42,410,381)	(15,087,819)

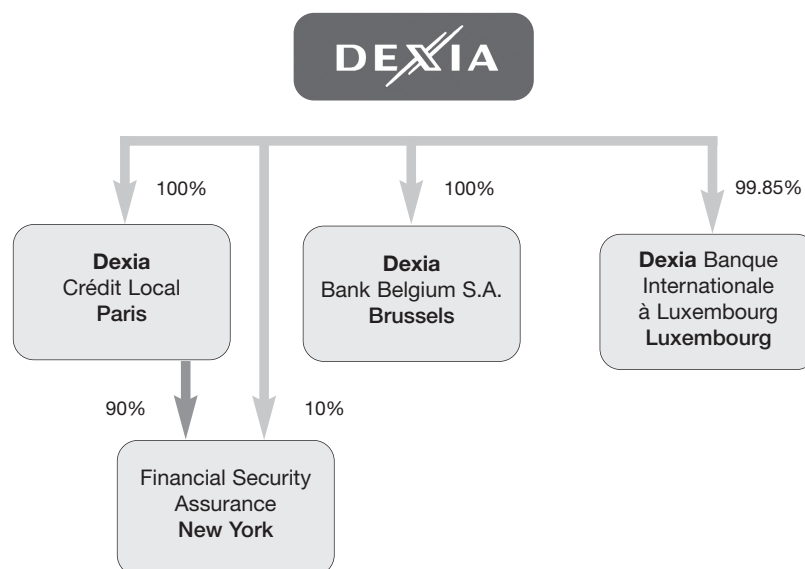
DEXIA GROUP

A key player in the European financial sector

Dexia Group was born out of the alliance in 1996 of the two major European institutions involved in local public finance: Crédit local de France and Crédit Communal de Belgique. Both institutions, together with Banque Internationale à Luxembourg (“BIL”), were united under the name Dexia in 1999. This formed one of first cross-border mergers in the European banking sector.

Organisational Chart

The following organisational chart shows the participating interests of the Dexia Group:



Serving two markets

The Group’s reputation, the skills of its staff and the design of its information systems are aligned exclusively to two markets:

- the local public institutions and semi-public and private companies associated with this market. The Group is familiar with these entities and develops a major part of its activities with them worldwide; and
- the market of individuals, professionals and small companies in Benelux.

The Group’s resources are deployed with a view to providing customers in these two markets with innovative products and services available, through the best suited channels of distribution.

Financial services to the local public sector

Since its creation in 1996, the Group, through Dexia Crédit Local, has been Europe’s leading bank in the local public finance market. Its North American subsidiary, Financial Security Assurance (“FSA”), is one of the market leaders in credit enhancement of US municipal bonds.

Retail financial services

The Group’s historic preeminence in the local public sector in Belgium is supported by its large network of local branches. This significant commercial presence was increased by the 2001 acquisition of Artesia Banking Corporation and, in particular, the BAcob Bank network. Since that merger, the Group has established itself as one of the three largest banks in Belgium in terms of their respective market capitalisation on the Euronext Stock Exchange. It offers domestic customers, professionals and small and medium-sized companies a comprehensive range of retail banking and insurance services.

Investment management services

Since its creation, the Group has drawn on the expertise and business of Dexia BIL to develop many specialisations in investment management services. These include private banking,

fund administration, institutional and mutual fund management. The latter includes a range of ethical funds distributed throughout Europe.

Treasury and financial markets

Based on its three strategic business lines and as a result of the large volumes of its long-term bond issues – the majority of which are rated AAA – the Group also has a global presence in treasury and financial markets, providing it and its customers with international access to funding.

Most Dexia Group companies are rated AA or AAA.

Recent Developments

The text of the press release dated 16th November, 2006 containing Dexia Group's third quarter results for 2006 is reproduced under "Activity and Results as of 30th September, 2006".

SELECTED AUDITED FINANCIAL INFORMATION OF THE DEXIA GROUP

Audited Consolidated Balance Sheet

This audited consolidated balance sheet of the Dexia Group has been extracted without material adjustment from the audited consolidated financial statements of the Dexia Group prepared in accordance with IFRS.

	1st January, 2005*	31st December, 2005*
<i>(in millions of EUR)</i>		
Assets		
I. Cash and balances with central banks	3,717	3,444
II. Due from banks	43,305	70,531
III. Loans and advances to customers	169,547	192,402
IV. Loans and securities held for trading	10,054	15,655
V. Loans and securities designated at fair value	7,140	13,865
VI. Loans and securities available for sale	126,776	166,204
VII. Loans and securities held to maturity	3,295	3,217
VIII. Positive value of derivatives	27,264	28,632
IX. Fair value revaluation of portfolio hedge	982	1,659
X. Investments in associates	769	778
XI. Tangible fixed assets	1,633	2,185
XII. Intangible assets and goodwill	717	735
XIII. Tax assets	723	602
XIV. Other assets	8,693	8,816
XV. Non-current assets held for sale	22	36
Total assets	404,637	508,761

* In accordance with IFRSs as adopted by the EU.

Consolidated Balance Sheet – continued

	1st January, 2005*	31st December, 2005*
	<i>(in millions of EUR)</i>	
Liabilities		
I. Due to banks	87,471	134,793
II. Customer borrowings and deposits	87,066	97,379
III. Liabilities held for trading	2,069	3,813
IV. Liabilities designated at fair value	12,209	18,022
V. Negative value of derivatives	35,991	37,652
VI. Fair value revaluation of portfolio hedge	1,152	966
VII. Debt securities	144,164	175,685
VIII. Subordinated and convertible debt	5,277	4,985
IX. Technical provisions of insurance companies	7,456	9,846
X. Provisions and other obligations	1,246	1,320
XI. Tax liabilities	1,224	1,377
XII. Other liabilities	6,561	7,223
XIII. Non-current liabilities held for sale	0	0
Total liabilities	<u>391,886</u>	<u>493,061</u>
Equity		
XIV. Subscribed capital	4,825	4,888
XV. Additional paid-in capital	8,993	9,137
XVI. Treasury shares	(584)	(356)
XVII. Reserves and retained earnings**	(2,740)	(4,219)
XVIII. Net income for the period	0	2,038
Core shareholders' equity	<u>10,494</u>	<u>11,488</u>
XIX. Gains and losses not recognized in the statement of income	1,594	2,596
Total shareholders' equity	<u>12,088</u>	<u>14,084</u>
XX. Minority interests	439	1,183
XXI. Discretionary participation features of insurance contracts	224	433
Total equity	<u>12,751</u>	<u>15,700</u>
Total liabilities and equity	<u>404,637</u>	<u>508,761</u>

* In accordance with IFRSs as adopted by the EU.

**Net income for the period has been included in XVII. for the periods 1st January, 2004 and 1st January, 2005.

Audited Consolidated Statement of Income

This audited consolidated statement of income of the Dexia Group has been extracted without material change from the audited consolidated financial statements of the Dexia Group prepared in accordance with IFRS.

	Without IAS 32&39 and IFRS 4* 31st December, 2004	With IAS 32&39 and IFRS 4* 31st December, 2005
	<i>(in millions of EUR)</i>	
I. Interest income	57,188	56,049
II. Interest expense	(53,582)	(52,399)
III. Dividend income	94	129
IV. Net income from associates	65	89
V. Net trading income and net result of hedge accounting	177	154
VI. Net income on investments	307	502
VII. Commission income	1,275	1,397
VIII. Commission expense	(227)	(225)
IX. Technical margin of insurance activities	290	208
X. Other net income	36	72
Income	<u>5,623</u>	<u>5,976</u>
XI. Staff expense	(1,543)	(1,586)
XII. General and administrative expense	(886)	(975)
XIII. Network costs	(353)	(366)
XIV. Depreciation and amortization	(225)	(247)
XV. Deferred acquisition costs	(50)	(55)
Costs	<u>(3,057)</u>	<u>(3,229)</u>
Gross operating income	<u>2,566</u>	<u>2,747</u>
XVI. Impairment on loans and provisions for credit commitments	(226)	(52)
XVII. Impairment on tangible and intangible assets	(1)	0
XVIII. Impairment on goodwill	(19)	0
Net income before tax	<u>2,320</u>	<u>2,695</u>
XIX. Tax expense	(429)	(602)
Net income	<u>1,891</u>	<u>2,093</u>
Attributable to minority interest	69	55
Attributable to shareholders of the company	1,822	2,038
<i>in EUR</i>		
<i>Earnings per share</i>		
– basic	1.63	1.87
– diluted	1.62	1.85

* In accordance with IFRSs as adopted by the EU.

“PRESS RELEASE

ACTIVITY AND RESULTS AS OF 30TH SEPTEMBER, 2006

Another robust quarter for earnings growth and new business

THIRD QUARTER 2006

Net income – Group share:	EUR 612 million	+21.7% on Q3 2005
Earnings per share¹:	EUR 0.56	+19.1% on Q3 2005

NINE MONTHS 2006

Net income – Group share:	EUR 1,963 million	+32.2% on reported results	+14.3% on underlying³ results
Earnings per share¹:	EUR 1.80	+32.7% on 9M 2005	
Return on equity²:	23.0%	19.3% in 9M 2005	

¹Undiluted; ²Annualized; ³Excludes nonrecurring items and marked-to-market variations on FSA's CDS portfolio.

Press department Brussels
Press department Paris
Investor Relations Brussels
Investor Relations Paris

+32 2 213 50 81
+33 1 43 92 77 05
+32 2 213 57 46
+33 1 43 92 82 54

I. CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2006

The Board of Directors of Dexia met on November 16th, 2006 and approved the Group's financial statements as of September 30, 2006.

Consolidated statement of income*

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Income	1,510	1,663	+10.1%	4,406	5,127	+16.4%
Costs	-821	-850	+3.5%	-2,387	-2,509	+5.1%
Gross operating income	689	813	+18.0%	2,019	2,618	+29.7%
Cost of risk	+24	-8	n.s.	-26	-69	x 2.7
Impairment on (in)tangible assets	0	-1	n.s.	+1	-1	n.s.
Tax expense	-195	-177	-9.2%	-467	-529	+13.3%
Net income	518	627	+21.0%	1,527	2,019	+32.2%
Minority interests	15	15	-0.4%	42	56	+33.3%
Net income – Group share	503	612	+21.7%	1,485	1,963	+32.2%
Cost-income ratio	54.4%	51.1%	–	54.2%	48.9%	–
ROE (annualized)	19.3%	20.4%	–	19.3%	23.0%	–

*audited statement of income (limited review).

Net income – Group share amounted to EUR 1,963 million, up EUR 478 million or +32.2% over the same period in 2005. A few changes in the scope of consolidation led to minor variance (EUR +1 million). The amount of non-operating items is almost thrice higher for the first nine months of 2006, essentially because of the capital gain related to the creation of the joint venture RBC Dexia Investor Services (EUR 227 million), and the sale of some participations.

Excluding the non-operating items, the underlying net income – Group share stood at EUR 1,517 million, increasing by 14.3% (EUR +190 million). At constant exchange rate, the growth would have been EUR +186 million (up 14.0%). This progression is based on the very good underlying contribution of all commercial business lines: +12.9% in Public/Project Finance, +12.7% in Personal Financial Services, +23.6% in Asset Management, +60.0% in Investor Services, +50.2% in Insurance Services and +4.7% in Treasury and Financial Markets.

During the third quarter of 2006, net income – Group share reached EUR 612 million, up EUR 109 million (+21.7% over the same period of 2005). Excluding the non-operating items, the underlying net income – Group share reached EUR 470 million (up EUR 56 million), the progression stemming from the good performance of all commercial business lines.

Total income amounted to EUR 5,127 million for the first nine months of the year, a 16.4% increase over the same period of 2005, with notably good underlying performances from Insurance Services, Asset Management and Investor Services, which all delivered growth rates above 20%.

In the third quarter of 2006, total income amounted to EUR 1,663 million, up 10.1% over the 2005 third quarter.

Costs stood at EUR 2,509 million in the first nine months of the year, up 5.1% or EUR 122 million over the same period of 2005, an increase considered moderate in view of the robust income growth and the number of projects and initiatives related to the organization put in place in 2006. A significant fraction of this increase is linked with business development, both in the domestic markets and internationally.

When neutralizing the above and the exchange rate effect, the costs growth amounts to 4.7% or EUR 112 million of which some is linked to a number of non typical items, such as the preparation of the moves to new headquarters – Dexia Tower in Brussels and CBX Tower in Paris –, consultancy fees and new accounting treatment of specific items in some units.

As will be seen below, the split of the cost base by business segment has also changed with the reorganization in 2006, some cost items being shifted from the business units to the holding company, leading to a higher cost base at Central Assets.

In the individual business lines, the cost increase was significant where business was strong (Asset Management and Investor Services in particular), whilst it remained under very good control in Personal Financial Services (+1.5%) and Treasury and Financial Markets (-0.6%).

In the third quarter of 2006, costs went up 3.5% to EUR 850 million.

The **cost-income ratio** in the first nine months of 2006 stood at 48.9%, largely below the 54.2% posted in the same period of 2005 because of the capital gains discussed above. The underlying cost-income ratio has improved from 55.6% to 53.9% in one year.

The **gross operating income** amounted to EUR 2,618 million in the first nine months of the year, up 29.7% compared to the same period of 2005. The progression was +13.8% on an underlying basis, with strong progressions of all business lines, not only in Public Finance (+12.7%), but also in Asset Management, Insurance and Investor Services (+46.8%) and in Treasury and Financial Markets (+16.6%) – see detailed analysis below.

In the third quarter of 2006, the gross operating income reached EUR 813 million, an increase of 18.0% over the same quarter of 2005, and of 12.8% on an underlying basis.

The **cost of risk** amounted to EUR 69 million in the first nine months of the year compared to EUR 26 million one year earlier. Excluding the non-operating items, the underlying cost of risk totalled EUR 54 million, i.e. an increase of EUR 18 million on 12 months largely explained by the 2005 record low level. The cost of risk ratio (net annualized charge as a percentage of total outstandings) for banking activities remained at a low 2.1 basis points.

Tax expense (comprising both current and deferred taxes), at EUR 529 million, has been increasing by 13.3% in the first nine months of 2006. Excluding the non-operating items (detailed on page 22 of the Activity Report Q3 2006), the progression would have been 7.4%.

Minority interests are up with a third in the first nine months of 2006 because of the charges linked to the hybrid instrument issued at the end of 2005.

The **return on equity** (ROE – annualized) reached 23.0% for the first nine months of the year compared to 19.3% for the same period of 2005. This strong increase is largely explained by the gain related to the joint venture transaction and to the sale of some participations as explained above. Excluding the effect of the joint venture transaction, the ROE would have been 20.3%.

Earnings per share (EPS) stood at EUR 0.56 in the quarter (undiluted), up 19.1% from the third quarter of 2005. Excluding the non-operating items, the underlying EPS stood at EUR 0.43 compared to EUR 0.38 in the third quarter 2005 (up 11.9%).

Regarding the first nine months of the year, EPS stood at EUR 1.80, which compares to EUR 1.36 one year earlier, i.e. an increase of 32.7% (or +14.7% underlying).

Group Tier 1 ratio¹ reached 10.8%, up from 9.9% at the end of June 2006. This important increase stems mainly from two factors in opposite directions: i) the capital increase realized in September 2006 for an amount of EUR 1.2 billion (62,176,166 new ordinary shares have been created), and ii) the repayment, upon a call option of a Hybrid Tier 1 issued by Dexia BIL, for an amount of EUR 275 million (out of EUR 500 million issued in 2001).

Taking 50% of the hybrid capital instruments, the Tier 1 ratio stood at 10.4% as of September 30, 2006 (versus 9.4% at the end of June 2006).

Of note, EUR 500 million of Undated Deeply Subordinated Notes qualifying as Tier 1 capital were issued in October 2006, with payment date on November 2, 2006. This issue and the above-mentioned capital increase are part of the financing plan of the acquisition of DenizBank in Turkey, which will be consolidated in the last quarter of 2006.

Outlook

Following a very good performance in the first nine months, 2006 promises to be another good year for Dexia.

¹Regulatory definition including 100% of Hybrid Tier 1 instrument.

II. ACTIVITY AND UNDERLYING RESULTS OF THE BUSINESS LINES

1. Public/Project Finance and Credit Enhancement

Activity

Long-term commitments² were up 18.0% (+18.9% at constant exchange rate) over the last twelve months, reaching EUR 253.3 billion as of September 30, 2006, notably pulled significantly by Iberia, Italy, America and business booked at headquarters, but also by France, Germany, the United Kingdom as well as Central and Eastern Europe. EUR 221.9 billion relate to the sole public local sector and EUR 31.4 billion to corporate and project finance outstanding items.

Long-term originations³ continued to progress during the first nine months of 2006 even when compared to the record levels reached in 2005. They amounted to EUR 37.5 billion in the first nine months of 2006, up 9.5% compared to the first nine months of 2005, of which EUR 27.0 billion for Public Finance. This growth is the result of a good activity in public finance mainly in France, Sweden, Italy as well as activity booked at headquarters. But this growth also stems from the strong level of originations in project finance, with notably the closing of very large innovative mandates in the infrastructure/PPP sector. It is worth noticing that the most recent booking units of Dexia (in Canada, in Mexico and in Central and Eastern Europe) represent 10% (or EUR 3.2 billion) of the total public finance originations.

Regionally, the commercial performances were as follows:

- In **France**, long-term commitments rose by 6.1% to EUR 58.5 billion compared to the level reached one year ago. Thanks notably to the transfer of responsibilities from the central government to the regions and departments but also to the increasing demand stemming from the local authorities expecting a rate increase, Dexia was able to improve its originations by 18.4% in the public sector over the nine-month period. The hospital market was also very buoyant due to a government initiative “Plan Mattei” which had already led to a doubling of the investments in this sector. In the corporate and project finance area, the activity was particularly dynamic, with originations reaching EUR 1,005 million in the first nine months of the year, versus EUR 304 million for the same period last year. Of note, Dexia Crédit Local co-arranged the largest French hospital PPP transaction (EUR 345 million). In total, long-term originations amounted to EUR 6.7 billion, up 31.0% compared to the first nine months of 2005.
- In **Belgium**, long-term commitments amounted to EUR 30.5 billion as of September 30th, 2006, up 2.6% over the same period last year. In the public finance sector, in a context of lowering demand due to the upcoming elections, the originations were EUR 1.7 billion. In corporate and project finance, the originations increased by 14.0% to EUR 1.2 billion.
- In **Luxembourg**, long-term commitments stood at EUR 1.8 billion at the end of the first nine months of 2006, up 8.6% compared to September 30, 2005.
- In **Italy**, total long-term commitments amounted to EUR 35.8 billion, up 17.3% over the last twelve months. The originations in public finance, increased by 5.1%, reaching EUR 3.6 billion, reflecting Dexia Crediop’s good commercial performance. The activity was particularly good in the international issues and securitization sectors. Many transactions were closed, of which the underwriting of a EUR 1.8 billion securitization mandated by the Lazio Region. Dexia Crediop also managed to win some advisory mandates, notably for the Rome subway.
- In **Iberia**, long-term commitments totalled EUR 8.3 billion, up 34.0% over the last twelve months. The originations reached EUR 1.7 billion, a very good 17.3% increase in a context of a rather subdued demand, harsh competition and notwithstanding the high level of comparison due to the very large transactions concluded in 2005. In corporate and project finance, Dexia Sabadell Banco Local co-arranged the first hospital PPP transaction in Spain for EUR 222 million in the Madrid area.

²Fully-consolidated subsidiaries.

³Fully-consolidated subsidiaries, excluding Germany.

- In the **United Kingdom**, long-term commitments reached EUR 8.9 billion (up 43.3% in twelve months). The originations increased by 7.0% to EUR 1.7 billion, compared to the first nine months of last year, with a still decreasing trend in the public sector, but a very buoyant corporate and project finance sector. In this context, Dexia Public Finance Bank London kept being very active in the PFI market, especially with the GBP 212 million financing for two hospital projects in Glasgow, the largest PFI deal in the health sector as of today in the United Kingdom. Of note, the London team, together with the Paris and Brussels teams co-arranged the very large GBP 2.4 billion financing for the acquisition by three investment funds of the largest harbor operator in the country.
- In **Central and Eastern Europe**, long-term commitments kept increasing at a rapid pace, standing at EUR 4.9 billion at the end of the first nine months of 2006 (from EUR 2.8 billion as of September 30, 2005). Total originations for the first nine months of 2006 (EUR 2.4 billion) nearly reached the same very high level of 2005, in a more competitive environment, stemming from the local banks. Dexia Kommunalkredit Bank (DKB) succeeded in being the leading foreign actor in Poland and Romania, the two most densely populated countries of the area. In Poland, the activity was particularly strong in the health sector as well as with the local authorities. Regarding the corporate and project finance sector, the commitments reached EUR 0.3 billion from greenfield, and DKB arranged its first deal in the Czech Republic for a wind farm financing.
- In **America**, long-term commitments amounted to EUR 44.8 billion, up 13.1% in one year. The originations decreased by 8.1% in a contrasted first nine months with a municipal market much less active than in 2005, a record year, but with a more vigorous activity in the project finance sector. In this area, the New York branch originations were multiplied by 1.5, reaching EUR 1.1 billion with some very important transactions closed such as the co-arranging of the USD 4.1 billion Indiana toll road project.
- In **Germany**, long-term commitments reached EUR 29.2 billion, up 14.6% in one year. The Frankfurt office increased its originations by 10% (to EUR 2.2 billion), structured loans representing nearly 70% of the total.
- The activity conducted in **other** countries and booked at **headquarters** kept increasing at a very high pace, with long-term commitments doubling in one year, to EUR 25.6 billion as of September 30th, 2006. The activity carried out on the Japanese bond market was very active all along the three quarters. Dexia has been granted its Japanese banking license at the beginning of November 2006, allowing it, from now on, to work directly with Japanese municipalities. The corporate and project finance activities also experienced a very strong growth, with long-term originations amounting to EUR 4.8 billion (x2.5). Very important transactions have been concluded, among which the Hungarian M6 motorway.

Long-term commitments – Public/Project Finance

<i>in billions of EUR</i>	Sept. 30, 2005	Sept. 30, 2006	Variation
Belgium	29.7	30.5	+2.6%
France	55.1	58.5	+6.1%
Luxembourg	1.7	1.8	+8.6%
The Netherlands	0.9	1.0	+19.9%
United Kingdom	6.2	8.9	+43.3%
Sweden	3.6	4.0	+8.9%
Italy	30.5	35.8	+17.3%
Iberia (Spain & Portugal)	6.2	8.3	+34.0%
Germany	25.5	29.2	+14.6%
Central & Eastern Europe	2.8	4.9	+77.1%
America	39.6	44.8	+13.1%
Other	12.9	25.6	+97.8%
Total	214.7	253.3	+18.0%

The **debt management** activity continued to be very buoyant in the third quarter of 2006. In France, it represented EUR 8.3 billion of transactions in the first nine months of 2006, up 22% compared to last year. In Belgium, the activity reached EUR 1.7 billion. In Italy, EUR 1.0 billion outstanding debt has been restructured in the first nine months of 2006, a 44% increase compared to last year.

Short-term loan commitments amounted to EUR 21.2 billion as of September 30th, 2006, a 10.4% increase compared to last year (EUR 19.2 billion). This increase is primarily due to the good activity in France (up 20% compared to the same period of 2005) and in Germany (x3.5) with short-term structured loans.

Deposits and assets under management for the business line's customers have continued to increase to the high amount of EUR 32.8 billion at the end of September 2006, a 14.3% increase in one year. This growth was mainly achieved in France, with a progression of 34.2% compared to the equivalent period last year and in Italy with a 11.6% increase. In Belgium, the level was slightly up (+1.7%) to EUR 19.6 billion.

Finally, regarding **insurance services** (excluding FSA), Dexia Sofaxis collected premiums for an amount of EUR 366 million during the first nine months of 2006, i.e. 5.0% more than in the first nine months of 2005. Dexia Insurance collected EUR 461 million of premiums in nine months, a stable level (-1%) compared to the same period last year. Finally, Dexia Epargne Pension's outstanding volumes increased by 3% to EUR 182 million as of the end of September 2006.

Regarding **FSA**⁴, the business environment was not too favorable in the US municipal and the ABS markets but more favorable in the international market during the period. On the whole, the gross present value (PV) originations reached USD 617.8 million in the first nine months, a decrease of 14.3% compared to the record level of 2005.

In the *US municipal market*, the refunding activity declined as expected, and the level of insurance penetration was lower than in 2005. In this context, FSA was able to maintain a 22% market share of the insured issues. The gross present value (PV) premiums amounted to USD 216.8 million, down 37.1% compared to the same period of last year, explained partly by the fact that the 2005 figures were boosted by the contribution of the Chicago Skyway transaction.

In the *US asset-backed securities (ABS)* sector, originations decreased by 56.8% to USD 74.0 million. This important decline reflects the combination of the tight spreads environment, and the very high quality of the business originated.

FSA's *international* business was very successful: PV premiums originated expanded by 85.8% in the third quarter of 2006, reaching USD 90.0 million (versus USD 48.4 million for the same period in 2005) and bringing the nine-month gross present value premiums originated to USD 242.0 million (+82.6% in one year). This strong production was mainly the result of UK public infrastructure transactions, particularly with water and other utility companies.

Underlying* results – Public/Project Finance and Credit Enhancement

<i>in millions of EUR</i>	Q3 2005	Q3 2006	Variation	Var. at constant exch. rate	9M 2005	9M 2006	Variation	Var. at constant exch. rate
Income	575	608	+5.7 %	+7.2 %	1,661	1,833	+10.3 %	+10.2 %
Costs	-187	-192	+2.6 %	+3.6 %	-552	-582	+5.5 %	+5.4 %
Gross operating income	387	415	+7.2 %	+8.9 %	1,109	1,251	+12.7 %	+12.5 %
Net income – Group share	270	275	+2.0 %	+3.7 %	744	840	+12.9 %	+12.7 %
Cost-income ratio	32.6%	31.6%	–	–	33.2%	31.8%	–	–
ROEE**	25.6%	22.1%	–	–	23.5%	22.5%	–	–

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

⁴For more details, see press release dated November 13, 2006, available on the company website www.fsa.com.

Underlying results

Net income – Group share for the first nine months amounted to EUR 840 million (+12.9% over the same period in 2005). Excluding the positive impact of the dollar, the raise would have been 12.7%. The third quarter delivered an increase of +2.0%, notably as a result of tax expenses as more revenues came from countries with higher tax rates. Geographically the good performance of the net income stemmed particularly from the United Kingdom, Germany, Eastern and Central Europe and Iberia as well as from the activity booked at headquarters. The contribution of FSA to the business line's first nine-month net income – Group share amounted to EUR 214 million (up 22.1%) and represents a quarter of the business line's revenues. The contribution to the business line net income – Group share of the Corporate and Project Finance activity is growing very significantly, thanks to the good performance observed in Belgium, America and the United Kingdom.

Total income of the business line reached EUR 1,833 million for the first nine months of 2006 (+10.3% over the same period one year ago).

In the third quarter, total income stood at EUR 608 million, up 5.7% over the same quarter last year, keeping in mind that the third quarter at FSA was record high in 2005.

Costs amounted to EUR 582 million as of September 30, 2006, an increase of 5.5% over the same period of 2005. This growth, moderate in view of the evolution of the revenues, is mainly due to the development of the franchise and the book of assets of Dexia worldwide.

As a result, **gross operating income** amounted to EUR 1,251 million in the first nine months, up 12.7% compared to the same period last year.

In the third quarter, gross operating income reached EUR 415 million, an increase of 7.2%.

The **cost-income ratio** of the business line in the first nine months of 2006 stood at the level reached in the first half (31.8%), and improved more significantly compared to the same period of 2005 (33.2%).

The **cost of risk** for the third quarter amounted to EUR 11 million, versus EUR 13 million in 2005. For the first nine months of the year, it amounted to EUR 36 million, compared to EUR 20 million for the same period one year ago. During the first quarter of 2005, a number of write-backs were made, giving a very low base for comparison.

The **return on economic equity** (ROEE – annualized) reached 22.5% for the first nine months of 2006, still a very satisfying level, given the quality of the portfolio.

2. Personal Financial Services

Activity

As of September 30, 2006, total customer assets amounted to EUR 127.8 billion, a 5.3% increase in one year and a 4.5% growth since the beginning of 2006.

As far as business lines are concerned, on-balance-sheet customer assets stood at EUR 53.9 billion (+2.3% in one year and +3.1% since the beginning of the year), while off-balance-sheet assets increased by respectively 6.1% and 5.2%, reaching EUR 63.6 billion. Life insurance products were increasing as well, standing at EUR 10.4 billion (up respectively 17.2% and 8.3%). The loans book went up 14.3% in one year.

The main tendencies prevailing in the third quarter of the year were the following: i) a steady increase of off-balance-sheet products; ii) the usual seasonality impact observed on deposits during the summer period; iii) a favorable market effect; iv) a lesser competitive pressure in the field of mortgages.

In **retail banking**, total customer assets reached EUR 82.4 billion, a 1.8% increase in one year. On the one hand, the eurobonds issued by the Group recorded a remarkable progression, particularly in the third quarter of 2006, with a 12.6% increase in one year and a 10.5% growth since the beginning of the year. The life insurance technical reserves went up 14.5% in one year (and 6.8% since the beginning of the year) thanks to the commercial actions taken in Belgium (1.1% tax taken in charge by the bank at the beginning of first quarter 2006, reduction of entry fee in second quarter 2006 and temporary increase of the guaranteed income for Branch 21 products). On the other hand, the evolution of the deposits year-on-year was slightly negative (-0.7%), following the success of the above-mentioned products.

Private banking customer assets reached EUR 45.5 billion, a 12.4% increase year-on-year, and a 11.5% progression from the beginning of the year. The whole product range experienced a more than satisfying evolution: cash management products were up 27.4% in one year, and life insurance technical reserves up 26.0% in one year. The mutual funds, which suffered in the second quarter of the year from a negative market effect, are now back to a better trend, with an increase of 6.0% in one year.

Customer assets (at quarter end)

<i>in billions of EUR</i>	Sept.05	Dec. 05	March 06	June 06	Sept.06	Variation Sept.06/ Dec. 05	Variation Sept.06/ Sept.05
Balance-sheet products (Deposits, savings bonds...)	52.6	52.3	53.1	54.5	53.9	+ 3.1%	+ 2.3%
Off-balance-sheet products (Mutual funds, securities...)	59.9	60.5	62.4	60.8	63.6	+ 5.2%	+ 6.1%
Insurance (Life insurance technical reserve)	8.9	9.6	10.0	10.2	10.4	+ 8.3%	+ 17.2%
Total customer assets	121.4	122.3	125.6	125.5	127.8	+ 4.5%	+ 5.3%
<i>of which retail banking</i>	80.9	81.5	82.6	82.3	82.4	1.0%	1.8%
<i>of which private banking</i>	40.5	40.8	43.0	43.2	45.5	11.5%	12.4%

Outstanding loans to retail and private customers amounted to EUR 31.3 billion, increasing by 14.3% in one year and by 9.7% from December 31, 2005, an evolution still led by the mortgage loans activity (respectively +16.3% and +11.2%), in a slightly less competitive environment in the third quarter than in the previous months, and in consumer loans, respectively +8.6% and +8.1%. As observed in the recent past, the level of refunding in mortgage loans continues to decrease.

Customer loans (at quarter end)

<i>in billions of EUR</i>	Sept.05	Dec. 05	March 06	June 06	Sept.06	Variation Sept.06/ Dec. 05	Variation Sept.06/ Sept.05
Mortgage loans to retail customers	16.3	17.1	17.8	18.5	19.0	+11.2%	+16.3%
Consumer loans to retail customers	2.3	2.3	2.3	2.4	2.4	+8.1%	+8.6%
Loans to SMEs and self-employed	6.2	6.4	6.4	6.4	6.5	+2.7%	+5.6%
Loans to Private banking customers	2.7	2.9	2.8	3.3	3.4	+18.2%	+27.2%
Total customer loans	27.4	28.6	29.3	30.6	31.3	+9.7%	+14.3%

Underlying* results – Personal Financial Services

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Income	553	563	+1.9%	1,647	1,684	+2.2%
Costs	-394	-394	+0.1%	-1,163	-1,180	+1.5%
Gross operating income	159	169	+6.5%	484	504	+4.1%
Net income – Group share	109	122	+11.6%	326	368	+12.7%
Cost-income ratio	71.3%	70.0%	–	70.6%	70.1%	–
ROEE**	24.8%	28.0%	–	24.6%	28.1%	–

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

Underlying results

Net income – Group share of Personal Financial Services for the first nine months of 2006 amounted to EUR 368 million, up 12.7% compared to the same period of 2005. It stood at EUR 122 million in the third quarter of 2006, up 11.6% on the same quarter of the previous year. This good underlying profitability has been achieved through a relative favorable evolution of revenues and costs.

Total income for the first nine months of 2006 stood at EUR 1,684 million, up 2.2% compared to the same period of 2005. In Luxembourg, the income progression both of retail and private banking was satisfactory. In Belgium, the progression was mitigated due to the competitive market environment in mortgages.

Third quarter total income stood at EUR 563 million, posting a 1.9% rise compared to the third quarter of 2005.

Costs for the first nine months of 2006 stood at EUR 1,180 million, a 1.5% increase compared to the same period of 2005, which is in line with the business line's target. In the third quarter they amounted to EUR 394 million, the same amount as last year. Costs decreased in the retail segment, and slightly increased in private banking due to the continuing development in this activity, particularly in Luxembourg. Of note, the total number of branches in Belgium amounted to 1,034 at the end of September 2006 (i.e. 35 branches less than at the beginning of the year).

As a result, **gross operating income** for the first nine months of 2006 increased to EUR 504 million, up EUR 20 million on one year earlier. The **cost-income ratio** continued to improve to reach 70.1% versus 70.6% for the same period of last year.

The **cost of risk** remained at a low level, at EUR 10 million in the third quarter, and EUR 16 million in the first nine months of 2006 (-3.1% compared to the same period of last year).

The **return on economic equity** (ROEE – annualized) thus reached a strong 28.1% in the first nine months of 2006, up from 24.6% for the same period in 2005.

3. Asset Management

Activity

Assets under management exceeded the symbolic threshold of EUR 100 billion to reach EUR 102.3 billion as of September 30, 2006, a 16.4% increase in one year and a progression of 5.1% in the last quarter. Since the beginning of the year, the total assets under management achieved a significant progression of EUR 11.7 billion (+12.9%).

The EUR 5 billion progression observed during the third quarter is explained by a positive net new cash of EUR 2.0 billion (+2%), as well as a positive market effect of EUR 3.0 billion (+3.1%). The EUR 2 billion net new cash generated came mainly from institutional investment funds (EUR 0.8 billion) and institutional mandates (EUR 1.0 billion).

The progression from the beginning of the year can be explained by the same elements, with respectively EUR 9.4 billion (+10.4%) of net new cash and a EUR 2.3 billion (+2.5%) positive market effect.

Total assets under management stemming from institutional mandates reached EUR 27.7 billion at the end of September, a 30.7% increase compared to September 2005. Similarly, the progression of institutional mutual funds was very satisfactory, to EUR 22.8 billion (+16.9% in twelve months).

As of September 30, total assets under management distributed by Dexia Asset Management sales team amounted to EUR 42.8 billion, a EUR 6.5 billion increase during the first nine months of the year.

40% of the net new cash risen by Dexia Asset Management Institutional Sales Team came from France, 22% from Australia and the remaining part from other European continental countries.

Underlying* results – Asset Management

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Income	46	51	+10.0%	136	172	+26.5%
Costs	-27	-32	+20.4%	-76	-97	+28.4%
Gross operating income	20	19	-4.0%	60	74	+24.0%
Net income – Group share	17	20	+14.3%	55	68	+23.6%
Cost-income ratio	57.5%	62.9%		55.8%	56.7%	
ROEE**	85.7%	70.6%		90.6%	80.8%	

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

Underlying results

The third quarter is another very satisfying quarter for the Asset Management activity, with **net income – Group share** posting a 14.3% increase, to EUR 20 million. On a nine-month basis, the result reached EUR 68 million, up 23.6%.

Revenues in the third quarter of 2006 were up 10.0% to EUR 51 million. Revenues were up 26.5%, to EUR 172 million in the first nine months of 2006. This performance shows the steady growth of the management and performance fees. It is to be noted that performance fees in the third quarter were minimal.

Costs are growing by EUR 21 million in twelve months, reflecting an increase in staff, especially investment professionals (+54 Full Time Equivalents compared to 2005), bonuses increasing in connection with performance fees, and also the ongoing commercial development. Dexia Asset Management opened in 2006 a branch in Sweden and in Germany, as well as a representative office in Bahrain. Costs were up EUR 5 million quarter on quarter, for the reasons described above.

The **gross operating income** stood at EUR 74 million for the first nine months, up 24.0%, and at EUR 19 million in the third quarter.

The **return on economic equity** (ROEE – annualized) remains at a very high level (80.8% in the first nine months of 2006).

4. Insurance Services

Activity

The **premiums** collected in the insurance business amounted to EUR 885 million in the third quarter of 2006, a 29.0% increase compared to the EUR 686 million collected in the same period of 2005. Of note, 2006 has been impacted by the introduction of a new legal tax on Belgian life insurance, leading to the lowering of the entry fees. The nonlife activity showed a slight increase (+2.0%) while the life insurance peaked with a 33.6% increase with notably a very strong activity within the Branch 21 products. 89% of premiums in the third quarter of the year stemmed from life insurance, of which 90% from Branch 21 products. The comparison for the first nine months of 2006 is also very satisfactory, with gross written premiums increasing by 23.6% to reach EUR 2,889 million.

Underlying* results – Insurance Services

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Income	33	57	+76.1%	144	186	+29.4%
Costs	-33	-37	+11.3%	-93	-105	+13.1%
Gross operating income	-1	20	n.s.	51	81	+59.4%
Net income – Group share	10	26	x2.5	52	79	+50.2%
Cost-income ratio	101.8%	64.3%	–	64.7%	56.5%	–
ROEE**	6.4%	12.4%	–	10.7%	12.7%	–

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

Underlying results

The comparison of period-to-period results should bear in mind that additional reserving requirements induced by LAT (Liability Adequacy Test) were made in Q3 2005, later offset in Q4 2005.

Net income – Group share of Insurance Services stood at EUR 79 million, up EUR 27 million (+50.2%) in the first nine months of the year 2006 compared to the same period last year. This resulted from a high increase of revenues (+29.4%) and a lower increase of costs (+13.1%). During the third quarter of 2006, the net income – Group share amounted to EUR 26 million, a very strong increase (x2.5) compared to last year level thanks to higher revenues (+76.1%).

Revenues in the first nine months of the year were up 29.4% to reach EUR 186 million, a progression resulting from i) very satisfactory net interest and dividend income, explained by the Branch 21 strong activity (partly offset by the reserves recorded in the technical margin) and a more significant investment portfolio; ii) lower production of Branch 23 products and less commission income; iii) the LAT reserves made in the first nine months of 2005. For the third quarter of 2006, both the good production and the adverse impact of LAT reserves in Q3 2005 are the main factors explaining the 76.1% increase in revenues quarter on quarter.

Costs were up 13.1% amounting to EUR 105 million at the end of the first nine months of 2006. The increase is mainly explained by new staff expense linked to the expansion and by various investment projects conducted through Dexia Insurance Services (e.g. IT developments in nonlife).

To recall, under the current business segmentation, insurance services cover only the “factory activities”, i.e. they exclude the contribution of the distribution, which is largely lodged in Dexia’s two main business lines (Public/Project Finance and Personal Financial Services). For an overall reading, please refer to the focus below, including the report on Dexia Insurance Services as a wholly-owned subsidiary.

As from January 1st, 2007 Insurance Services will be assigned to the distribution business lines and so largely to Personal Financial Services.

Focus on insurance activities (excluding FSA and Dexia Sofaxis)

<i>in millions of EUR</i>	Total gross written premiums					
	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Total premiums	686	885	+29.0%	2,338	2,889	+23.6%
Nonlife	99	101	+2.0%	320	334	+4.4%
Life	587	784	+33.6%	2,018	2,555	+26.6%
Branch 21 (classical life included)	437	710	+62.5%	1,556	2,214	+42.3%
Branch 23 (unit-linked contracts)	117	56	-52.1%	389	258	-33.8%
Branch 26 (guaranteed/public sector)	32	18	-43.8%	73	84	+14.5%

Total premiums	686	885	+29.0%	2,338	2,889	+ 23.6%
Public/Project Finance (PPF)	123	146	+19.8%	465	461	-1.0%
Personal Financial Services (PFS)	478	492	+2.9%	1,627	1,821	+12.0%
Insurance Services	85	247	+289.7%	246	607	+146.6%

Insurance activities are carried out in the different business lines of the Group. Public/Project Finance (PPF) and Personal Financial Services (PFS) have both a distribution focus generating commission-type revenues, whilst the “Insurance Services” segment handles the “manufacturing” functions, and generates essentially technical and financial revenues.

Total gross written premiums collected in the first nine months of 2006 within all units of the Group (excluding the businesses of FSA and Dexia Sofaxis) amounted to EUR 2,889 million. The leading collector is PFS with 63%, followed with 21% directly collected through the Insurance Services segment, the remaining 16% premiums collected coming from the institutional clients of the PPF business line. 66% of premiums collected is stemming from Belgium and the balance is coming essentially from France (under the brand Dexia Epargne Pension) and Luxembourg (essentially Dexia Life & Pensions).

The first three quarters of 2006 were very intense in life insurance business: premiums collected amounted to EUR 2,555 million, up 26.6% in one year. This is the result of the combined effects of: i) various commercial campaigns conducted in Belgium; ii) the rocketing production within Dexia Epargne Pension which benefited from new partnerships concluded with third-party distribution channels; iii) a successful training program conducted with the Dexia Bank Belgium agents.

Total revenues of Dexia’s insurance activity amounted to EUR 354 million in the first nine months of 2006 (+15.5% over the same period of the previous year), i.e. nearly 8% of total Dexia Group’s revenues. The respective contributions of the business lines to first nine-month revenues were 5% from PPF, 45% from PFS, and 50% from the Insurance Services segment.

For the purpose of monitoring the insurance business within the Group, management looks at the originations of premiums, and “top line” contributions by business lines – as presented above – as the best proxy to activity performance. Financial performance, by contrast, is analyzed at the level of the consolidated financial statements of Dexia Insurance Services (DIS) – as summarized in the table below – which represents by far the largest insurance unit within the Group.

Dexia Insurance Services

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Revenues	68	100	46.0%	260	303	+16.4%
Costs	-51	-58	+12.7%	-155	-169	+9.1%
Taxes and other	5	-2	n.s.	-16	-21	+26.2%
Net income – Group share	22	40	+77.1%	89	113	+27.6%

In the first nine months of 2006, DIS generated EUR 303 million of total revenues, up 16.4% on the first nine months of 2005. This increase is mainly related to the positive evolution of the outstanding amounts and to the absence of LAT related reserving requirements in 2006 as well as several factors in opposite directions of which: i) anticipations on the stock exchange in the first half of the year, leading to realized capital gains which were used to guarantee an important part of the reserves dedicated to the discretionary participation features of the contracts; ii) lower commission income with the life Branch 23 products as the outstanding amounts decreased in 2006; iii) the reduction of entry fees aimed at mitigating the new tax in Belgium.

The increase of costs reflects both higher staff numbers in the French operations, linked to the strong business developments made within Dexia Epargne Pension, and the various investment projects conducted through Dexia Insurance Belgium, notably a new IT platform in the nonlife activity. The taxes increased in the third quarter of 2006 (EUR +7 million) due to the taxable result of a reinsurance treaty cession between subsidiaries but also to the foreign withholding taxes formerly booked in financial income and now booked in tax results.

The net income – Group share for the first nine months reached EUR 113 million, a 27.6% increase in one year.

5. Investor Services

Activity

RBC Dexia Investor Services confirmed its promising start, with total assets under administration amounting to USD 2,170 billion at the end of September 2006, a 20.6% increase over one year and a 4.3% increase in three months, thanks notably to a strong organic growth and the appreciation of the Canadian dollar.

In the *transfer agent* activity, the number of shareholder accounts rose by 13.8% over the year and 0.4% during the third quarter thanks mainly to the organic growth. Some high profile transactions have been concluded in the last three months such as with Goldman Sachs JBWere Asset Management which has selected RBC Dexia Investor Services as fund administrator and transfer agent for its AUD 8 billion portfolio of funds in Australia. These will support the continuous growth in the coming months.

The number of funds under administration in the *central administration* activity experienced a 19.2% increase in twelve months and a +12.4% in three months due to a very strong commercial activity, with notable successes such as the large new mandate won with Manulife Financial which has selected RBC Dexia Investor Services as fund administrator for its CAD 26 billion portfolio.

Underlying* results – Investor Services

<i>in millions of EUR</i>	Q3 2005	Q3 2006	Variation	Var. at constant exch. rate	9M 2005	9M 2006	Variation	Var. at constant exch. rate
Income	80	88	+10.3%	+9.2%	228	277	+21.4%	+15.8%
Costs	-61	-61	+0.1%	-1.4%	-169	-183	+8.3%	+3.4%
Gross operating income	18	27	+44.2%	+44.2%	59	94	+59.0%	+51.4%
Net income – Group share	12	18	+53.4%	+53.4%	38	61	+60.0%	+52.6%
Cost-income ratio	76.8%	69.7%	–	–	74.1%	66.1%	–	–
ROEE**	87.5%	100.3%	–	–	96.1%	114.9%	–	–

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

Underlying results

Net income – Group share for the first nine months of 2006 went up EUR 23 million (EUR 20 million at constant exchange rate) to reach EUR 61 million, confirming the very good start of the new joint venture.

Revenues went up EUR 49 million (+21.4% or +15.8% at constant exchange rate) to EUR 277 million in the first nine months of 2006. The third quarter is in line with the very satisfactory first and second quarters' levels. This continuing growth stems mainly from the robust core business but also from the foreign exchange activity.

Costs are up EUR 14 million (EUR 6 million at constant exchange rate), largely driven by the staffing requirements in central administration. One can see a nice incidence on the cost-income ratio with revenues oriented upwards while costs are increasing at a much slower pace.

6. Treasury and Financial Markets (TFM)

Activity

This business line includes Group Treasury, Fixed Income, and Market Engineering and Trading (MET).

The Group **Treasury** activity is in charge of the financial management of Dexia's balance sheet. This segment includes the teams in charge of the long and short-term funding and the management of liquidity. New long-term issues (2 years and more) amounted to EUR 22.3 billion, of which two-thirds bear the AAA signatures of Dexia Municipal Agency and Dexia Kommunalbank Deutschland. The average cost of the new issues in the first nine months of 2006 continued to decrease, and the average life of the new issuances stood at 7.9 years. A significant part (55%) of the long-term funding was sourced, as previously, from private placements with institutions. It is worth noting that in the retail activity (18% of total issuances), Dexia Crédit Local issued the first "Uridash double tranche" transaction (public issuance sold on the Japanese retail market). Short-term funding was very active, with increasing volumes (+43% compared to the level of the first nine months 2005), and most especially in the interbank market and with the central banks.

The **Fixed Income** business manages the Credit Spread Portfolio, and runs the Securitization, Sales and Structured Finance teams. It also supports the Public Sector Debt Origination and related Portfolio Management activities. The Credit Spread Portfolio activity was less buoyant – due to a traditionally quiet summer period – after the very large investments made during the first half. EUR 16.8 billion new investments were realized in the first nine months of 2006, a level in line with year's expectations. The Credit Spread Portfolio stood at EUR 71.0 billion as of September 30, 2006. The portfolio includes 99% of investment-grade instruments, and 77% have a AA- rating or better; 93% of the investment lines are classified as available for sale. Concerning securitization, where Dexia acts as an advisor, arranger and/or underwriter, the business performed also very well, with 19 deals concluded both in Europe and in the United States, versus 13 in the first nine months of 2005.

The third activity, **Market Engineering and Trading**, regroups all competences in the sectors of interest rates, foreign exchange and equities. It includes notably structuring teams working on transactions with clients of the retail/private banking. In this area, the activity has been very fruitful, with Belgian sales volumes accelerating significantly during the last two quarters. The structuring teams working on transactions with public sector clients were also very active.

Finally, it should be reminded that TFM is not only a strong revenue generator on its own, but also an important support unit for the other business lines and for the Group as a whole regarding balance-sheet management. As such, the amount of indirect revenues stemming from this close cooperation which are booked in the other business lines is estimated at EUR 356 million in the first nine months of 2006 (against EUR 250 million in the first nine months of 2005).

Underlying* results - Treasury and Financial Markets

<i>in millions of EUR</i>	Q3 05	Q3 06	Variation	9M 2005	9M 2006	Variation
Income	135	123	-8.9%	372	413	+10.9%
Costs	-42	-42	+1.1%	-125	-124	-0.6%
Gross operating income	93	81	-13.4%	248	289	+16.6%
Net income – Group share	74	62	-17.1%	214	224	+4.7%
Cost-income ratio	31.0%	34.4%	–	33.4%	30.0%	–
ROEE**	29.3%	18.1%	–	28.1%	21.9%	–

*i.e. excluding non-operating items; pro forma for Q3 2005 and 9M 2005.

**Return on economic equity, annualized.

Underlying results

The **net income – Group share** in the third quarter of 2006 reached EUR 62 million, a decrease considered normal after the record performances in the previous two quarters. The net income – Group share for the first nine months stood at EUR 224 million, up 4.7% on the same period of 2005. One should remember several elements recorded in September 2005 (eg. large transactions, marking-to-market of CDS portfolio...) which raise the basis for comparison. This time performance was largely pulled by the Market Engineering and Trading (MET) (EUR +14 million) and also the Fixed Income activity (EUR +4 million), whilst the Treasury segment experienced a decrease of EUR -7 million.

Total income amounted to EUR 413 million in the first nine months of 2006, EUR 41 million more than in the first nine months of 2005, coming in a contrasted way from the segments. The MET activity performed particularly well with a EUR 49 million increase. Of note, the performance of MET has to be analyzed in parallel with the increase of the tax expense, as will be seen below. The Fixed Income segment has fallen slightly (EUR -2 million) due to atypical deals concluded last year, and to the favorable evolution of CDS marking-to-market in September 2005. Finally, the Treasury segment income decreased (EUR -6 million) as a result of the interest rate increase since the beginning of the year. Fixed Income contributed 61% to TFM income, while the Treasury segment and MET represented respectively 22% and 17%.

Costs went down 0.6% to EUR 124 million in the first nine months of 2006, a EUR 1 million decrease linked to the equity-brokerage activities in France, which have been restructured in 2005, bringing down the cost base in 2006.

The **gross operating income** thus increased to a robust EUR 289 million in the first nine months of 2006, up 16.6% on the same period one year ago.

Finally, **tax expense** increased by EUR 30 million in the first nine months of 2006 to reach EUR 62 million. This increase is half explained by the rising gross operating income whilst the other half comes from MET's arbitrage strategies accounting impact, with products embedding cash and derivative instruments whose change in value may cause simultaneously both increased revenues and taxes at times, or reduced revenues and taxes at other times.

An increase of the allocated equity to the Fixed Income segment led to a slight decrease of the **return on economic equity (ROEE)**, yet to a satisfactory level of 21.9% (annualized) for the first nine months of 2006.

III. CENTRAL ASSETS AND NON-OPERATING ITEMS

As one of the five analytical segments in the organization, Central Assets mainly records the revenues on excess capital, corporate holdings (dividends, capital gains/losses) and the results of currency hedging contracts. Central Assets also allocates economic capital to the business lines which receive notional interest thereon, charged to Central Assets. On the cost side, the segment registers those costs that cannot be attributed to a specific business line. Since 2005, Central Assets has also included all the results of the share-leasing activities at Dexia Bank Nederland.

Besides, management has chosen to isolate those items which have an influence on the published financial statements, but which, by their nature, render the interpretation of the true underlying trends difficult. This is why the non-operating items are isolated and described in detail on page 22 of the Activity Report Q3 2006. In particular, since the introduction of IAS 32&39 in 2005, the variations of income caused by the marking to market of FSA's CDS portfolio are considered "non-operating".

The table below summarizes the aggregate contribution of Central Assets and non-operating items to Dexia's results.

Results from Central Assets and non-operating items

<i>in millions of EUR</i>	Q3 05*	Q3 06	9M 2005*	9M 2006
Income	72	172	194	562
Costs	-66	-91	-191	-237
Gross operating income	6	81	3	325
Cost of risk	37	13	9	-17
Impairment on (in)tangible assets	0	0	1	-1
Tax expenses	-31	0	49	35
Minority interests	2	5	4	18
Net income – Group share	10	90	57	325

*pro forma for Q3 2005 and 9M 2005.

In the first nine months of 2006, the contribution of all the components described above to the net income – Group share was EUR +325 million, compared to EUR 57 million in the equivalent period of 2005. This stems from various factors impacting almost all headings of the statement of income, as follows:

Concerning **total income**, the increase from EUR 194 million to EUR 562 million (EUR +368 million) is mainly explained by:

- a EUR 356 million positive increase in capital gains reaching EUR 435 million in the first three quarters of 2006 (in particular EUR 227 million linked to RBC Dexia Investor Services, EUR 34 million on the sale of Creatis and the activity of Flexia and EUR 88 million from the sale of Veolia Environnement shares), against EUR 79 million in the first nine months of 2005;
- the impact of the marking to market of FSA's CDS portfolio was relatively neutral: EUR 20 million in the first nine months of 2006 versus EUR 21 million in the first nine months of 2005;
- the increased Central Assets underlying contribution (DBnl excluded) of EUR +29 million stems from several factors in opposite directions: i) a EUR 46 million decrease in net interest earnings linked to a higher amount of economic equity allocated to the business lines; ii) a EUR 41 million revenue increase from foreign exchange (hedges included); iii) EUR 18 million additional revenues from subordinated debt impact (mainly from the reinvestment of the Hybrid Tier 1 issued by Dexia Crédit Local); iv) EUR 13 million stemming from the placement of the capital issued and hedges in view of the payment of the DenizBank shares; v) different items for the balance;
- a EUR 17 million decrease at Dexia Bank Nederland due to the reduction of the share-leasing portfolio and the movement of the provision for interest discount on loans accepting the "Dexia Offer".

During the third quarter of 2006, total income increased by EUR 100 million (to EUR 172 million) compared to the same period of 2005, which is explained by several factors in opposite directions, the main ones being:

- a EUR 92 million increase in capital gains reaching EUR 132 million in third quarter 2006 which mainly comprises EUR 17 million from the sale of the Flexia activity and EUR 81 million from the sale of Veolia Environnement shares.
- a negative EUR 36 million variation of the marking to market of FSA's CDS portfolio;
- a EUR +30 million variation in Central Assets (DBnl excluded), stemming among other from a negative contribution (EUR -12 million) of interest earnings owing to the economic equity, a positive evolution (EUR +10 million) of foreign exchange (hedges included), and additional revenues (EUR +6 million) from subordinated debt issued and EUR 13 million stemming from the placement of the capital issued and hedges in view of the payment of the DenizBank shares;
- a EUR 14 million net increase at Dexia Bank Nederland due to i) the positive results of unwinding hedging contracts and ii) the negative impact in revenues of the reduction of the portfolio.

Concerning **costs**, most of the EUR 46 million increase in the first nine months stems from several items booked in Central Assets, among which EUR 10 million for the impact of the installation of the new headquarters in Paris and in Brussels, EUR 6 million for provisions from pensions, EUR 6 million for consultancy fees, EUR 12 million for the reinforcement of central functions at holding level and other items such as IFRS 2, and miscellaneous items for the balance. During the third quarter of 2006, costs increased by EUR 25 million compared to the same period of 2005 for the various reasons discussed above.

In the first nine months, the **cost of risk**, almost totally linked to Dexia Bank Nederland, stood at EUR -17 million. In the third quarter of 2006, a release of EUR 14 million was made, resulting from the positive evolution in the collateral value, mitigated by the update of the parameters of the provision calculation and the effect of quicker-ending contracts.

Finally, concerning the **tax charge** for the first three quarters of 2006, a net tax credit appears again, in the amount of EUR 35 million, against EUR 49 million in the same period of 2005. Last year, it came mostly from the settlement of tax disputes, tax credits caused by the impairment of participations and the tax incidence of the non-operating items of the period. This year, it is mainly explained by the negative underlying result of Central Assets, and fewer tax credits linked to the tax dispute settlement.”

TAXATION

The matters described below do not constitute, and should not be considered as, legal or tax advice to prospective purchasers. Prospective purchasers should consult legal or tax advisers in the country of their citizenship, residence or domicile to determine the possible tax or other consequences of purchasing, holding and redeeming Notes and/or Warrants, as the case may be, under the laws of the relevant jurisdiction.

Luxembourg Tax Consequences

The following is a summary discussion of certain material Luxembourg tax consequences with respect to the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of Notes, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of Notes. It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this prospectus and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

Withholding Tax

Non-Residents

Under Luxembourg tax law currently in effect and except as provided for by the law of 21st June, 2005 (the “2005 Law”) implementing the Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “EU Savings Directive”), there is no withholding tax for non-resident holders of the Notes on payments of interest (including accrued but unpaid interest) and on payments received upon redemption or repayment of the principal or upon an exchange of the Notes.

On 3rd June, 2003, the European Council approved the EU Savings Directive and under the related Accords with certain dependent or associated territories and certain non-EU Member States (together the “relevant States”), EU Member States will be required to provide to the fiscal authorities of another EU Member State and all the relevant States details of payments of interest or similar income made by a person within its jurisdiction to an individual resident in that other EU Member State or a State, except that Austria, Belgium and Luxembourg will instead operate a withholding system for a transitional period in relation to such payments unless during such period they elect otherwise.

Under the 2005 Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or certain residual entities as defined by law, who as a result of an identification procedure implemented by the paying agent are identified as *residents* or are deemed to be *residents* of an EU Member State or a relevant State other than Luxembourg, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or has provided a tax certificate from his/her fiscal authority in the format required by law to the relevant paying agent.

Where withholding tax is applied, payments of interest and similar income will be subject to a withholding to be made by the relevant paying agent at the initial rate of 15% during the first three-year period starting 1st July, 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter.

When used in the preceding three paragraphs “interest” and “paying agent” have the meaning given thereto in the 2005 Law (or the relevant Accords). “Interest” will include accrued or capitalised interest at the sale, repayment or redemption of the Notes. “Paying agent” is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest.

Payments of interest or similar income under the Notes to the clearing systems and payments by or on behalf of Clearstream, Luxembourg, to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

Residents

Interest on Notes paid by a Luxembourg paying agent to an individual holder who is a resident of Luxembourg will be subject to a withholding tax of 10% which will operate a full discharge of income tax due on such payments.

Interest on Notes paid by Luxembourg paying agent to residents of Luxembourg which are not individuals will not be subject to any withholding tax.

Income deriving from the Notes

Non-Resident Holders

Non-Luxembourg holders of the Notes who are non-resident of Luxembourg and who do not hold the Notes through a permanent establishment in Luxembourg are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes, or realize capital gains on the sale of the Notes.

Resident Holders – General

Holders of the Notes will not become residents, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes.

Holders of the Notes who are tax resident in Luxembourg, or non-resident holders of the Notes who have a permanent establishment or permanent representative in Luxembourg to which or to whom the Notes are attributable, must for income tax purposes include any interest and other income received or accrued on the Notes in their taxable income has been levied. Individuals who are tax residents in Luxembourg are deemed having been taxed on net income if the withholding tax at the payment rate of 10% referred to above has been levied. They will not be liable to any Luxembourg income tax on repayment of principal.

Luxembourg Resident Individuals

Luxembourg resident individual holders of the Notes who do not hold Notes as business assets are not subject to taxation on capital gains upon the disposal of the Notes, unless their disposal precedes their acquisition or they are disposed of within six months of the date of their acquisition. Upon a repurchase, redemption or exchange of Notes, Luxembourg resident individual holders of the Notes must however include the portion of repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income. Luxembourg resident individual holders of Notes who hold Notes as business assets are subject to tax as described in relation to “Luxembourg Resident Companies” below.

Luxembourg Resident Companies

Luxembourg resident companies (*sociétés de capitaux*), holding Notes, or foreign entities of the same type who have a permanent establishment or permanent representative in Luxembourg to which or to whom the Notes are attributable, must include in their taxable income interests accrued in the Notes and, on a sale repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, repurchased, redeemed or exchanged.

Luxembourg Companies Benefiting from a Special Tax Regime

A Luxembourg resident holder of the Notes that is governed by any of the following: (i) the law of 31st July, 1929 on pure holding companies and (ii) the laws of 30th March, 1988, 19th July, 1991 or 20th December, 2002 on undertakings for collective investment will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal of Notes.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a holder of the Notes, unless (i) such Notes are attributable to a business enterprise or part thereof or which is carried on in Luxembourg or through a permanent establishment or a permanent representative of a non-resident company in

Luxembourg. In such a case, the holder of Notes must take the Notes into account for the purposes of Luxembourg wealth tax, except if the holder of Notes is governed by any of the following: (i) the law of 31st July, 1929 on pure holding companies; (ii) the laws of 30th March, 1988, 19th July, 1991 or 20th December, 2002 on undertakings for collective investment; (iii) the law of 22nd March, 2004 on securitisation; and (iv) the law of 15th June, 2004 on the investment company in risk capital.

Other Tax Consequences

Stamp Taxes and Transfer Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes

Gift Taxes

No estate or inheritance tax is levied on the transfer of Notes upon death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of Notes if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a holder of Notes is a resident for tax purposes of Luxembourg at the time of his death, the Notes are included in its taxable estate for inheritance tax or estate tax purposes.

PLAN OF DISTRIBUTION

Summary of Distribution Agreement

Subject to the terms and on the conditions contained in a Distribution Agreement (as further amended and supplemented as at the date of issue of the Notes) (the "Distribution Agreement") dated 9th November 1995 as amended and restated on 14 December, 2006 between the Issuer, the Permanent Dealers and the Arranger, the Notes and the Warrants will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes and Warrants directly on its own behalf to Dealers that are not Permanent Dealers and to sell Notes and Warrants directly in its capacity as a Dealer. The Notes and the Warrants may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes and the Warrants may also be sold by the Issuer through the Dealers, acting as agents of the issuer. The Distribution Agreement also provides for Notes and Warrants to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission in respect of Notes or Warrants subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commission in respect of an issue of Notes or Warrants on a syndicated basis will be stated in the relevant Final Terms or Final Terms for the Warrants.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes and the Warrants. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes or Warrants in certain circumstances prior to payment for such Notes or Warrants being made to the Issuer.

Selling Restrictions in respect of the Notes and the Warrants

United States

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 within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (Regulation S) or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or in the case of Notes in bearer form, deliver the Notes of any identifiable tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to each Relevant Dealer, by the issuer, or in the case of Notes issued on a syndicated basis, the Lead Manager, 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 Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

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

The Warrants 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.

Each Dealer has represented and agreed that it has not offered or sold, and agrees that it will not offer or sell, any Warrants constituting part of its allotment within the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Furthermore, neither the sale of nor trading in Warrants which relate to currencies, commodity prices or indices has been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act and no U.S. person may at any time purchase, trade or maintain a position in such Warrants.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes or Warrants to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes or Warrants to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes or Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes or Warrants to the public” in relation to any Notes or Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed that:

1. in relation to Notes which have a maturity of less than one year from the date of their issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes or Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes or Warrants would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes or Warrants in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

3. it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes or Warrants in, from or otherwise involving the United Kingdom.

France

Each Dealer and the Issuer has represented and agreed that the Notes and the Warrants are being issued outside the Republic of France and, in connection with their initial distribution, that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes or Warrants to the public in the Republic of France; (ii) such offers, sales have been and will only be made in the Republic of France to qualified investors (*investisseurs qualifiés*) in accordance with Article L-411-1 and L-411-2 of the French *Code monétaire et financier* and décret no. 98-880 dated 1st October, 1998 relating to offers to qualified investors; and (iii) it has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this Prospectus or any other offering material relating to the Notes or the Warrants, except to the investors to whom offers and sales of Notes and Warrants in the Republic of France may be made as described above.

Germany

Each Dealer has represented and agreed that it shall only offer Notes in the Federal Republic of Germany in compliance with the provisions of the Securities Sales Prospectus Act of 9 September 1998, as amended, (*Wertpapier-Verkaufspropektgesetz*) or any other laws applicable in the Federal Republic of Germany governing the issue, sale and offer and sale of Securities.

Japan

Neither the Notes nor the Warrants have been or will be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes or Warrants in Japan or to a resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Zero coupon Notes in definitive form and other Notes in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, 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.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms or Final Terms for the Warrants issued in respect of the issue of Notes or Warrants, as the case may be, to which it relates or in a supplement to this Prospectus.

Other than with respect to the listing of the Notes and the Warrants, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes or the Warrants, or possession or distribution of the Prospectus or any other offering material or any Final Terms or Final Terms for the Warrants, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or Warrants or has in its possession or distributes the Prospectus, any other offering material or any Final Terms or Final Terms for the Warrants and neither the Issuer nor any other Dealer shall have responsibility therefor.

FINAL TERMS

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

Final Terms dated [•]

Dexia Banque Internationale à Luxembourg, société anonyme
(incorporated with limited liability in Luxembourg)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €10,000,000,000

Euro Medium Term and Undated Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [and the supplement to the Prospectus dated [•]] which [together] constitutes a Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplement to the Prospectus] [is] [are] available for inspection at the office of the Agent and the office of the Issuer.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus (or equivalent) with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Offering Circular]¹ [Prospectus] dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplement to the Prospectus dated [•]] which together, constitutes a Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Offering Circular]¹[Prospectus] dated [original date] [and the supplement to the Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Offering Circular dated [original date] and the Prospectus dated [current date]¹ [Prospectuses dated [original date] and [current date]]. The [Offering Circular dated [original date] and the Prospectus dated [current date]¹[Prospectuses] are available for inspection at the office of the Fiscal Agent and the office of the Issuer.]

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

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: Dexia Banque Internationale à Luxembourg, société anonyme
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: []

4. Aggregate Nominal Amount:
- [(i)] Series:
- [(ii)] Tranche:
5. Issue Price: per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. Specified Denominations:
7. [(i)] Issue Date:
- [(ii)] Interest Commencement Date:
8. Maturity Date: [specify date or (for Floating Rate Notes or any other rate where the Interest Period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Dual Currency Interest]
- [Other (specify)]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (specify)]
- If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and the Issuer will prepare and publish a supplement to the Prospectus*
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Put]
- [Call]
- [(further particulars specified below)]

13. [(i)] Status of the Notes: [Senior/[Dated/Undated]/Subordinated]
 [(ii)] [Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] per [] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ICMA] /ISDA) / other]
- (vi) Determination Dates: [] 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. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (iv) Business Centre(s): []
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): []
- (vii) Screen Rate Determination:
 – Reference Rate: []

- Interest Determination Date(s):
- Relevant Screen Page:
- (viii) ISDA Determination:
 - Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
- (ix) Margin(s): +/- per cent. per annum
- (x) Minimum Rate of Interest: per cent. per annum
- (xi) Maximum Rate of Interest: per cent. per annum
- (xii) Day Count Fraction:
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
- 17. Zero Coupon Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

 - (i) Amortisation Yield: per cent. per annum
 - (ii) Any other formula/basis of determining amount payable:
- 18. Index Linked Interest Note/other variable-linked interest Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

 - (i) Index/Formula/other variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due:
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:
 - (iv) Interest Determination Date(s):
 - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
 - (vi) Interest or Interest Accrual Period(s):
 - (vii) Specified Interest Payment Dates:
 - (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
 - (ix) Business Centre(s):
 - (x) Minimum Rate of Interest: per cent. per annum

- (xi) Maximum Rate of Interest: per cent. per annum
- (xii) Day Count Fraction:
19. Dual Currency Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (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

20. Call Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): per Note of Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount:
- (b) Maximum Redemption Amount:
- (iv) Notice period: *(If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent.)*
21. Put Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): per Note of Specified Denomination
- (iii) Notice period: *(If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent or Trustee)*

22. Final Redemption Amount of each Note: per Note of Specified Denomination /other/see Appendix]

If the Final Redemption Amount is different from 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply and the Issuer will prepare and publish a supplement to the Prospectus

In cases where the Final Redemption Amount is Index Linked or other variable-linked:

(i) Index/Formula/variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the Final Redemption Amount:

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:

(iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:

(v) Payment date of Final Redemption Amount:

(vi) Minimum Final Redemption Amount:

(vii) Maximum Final Redemption Amount:

23. Early Redemption Amount:

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Bearer Notes/Exchangeable Bearer Notes/Registered Notes]

New Global Note: [Yes] [No]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

25. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(iv) and 18(ix) relate]
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions in Condition [•] apply]
30. Consolidation provisions: [Not Applicable/The provisions in Condition [•] apply]
31. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)
32. Governing law: [English/Luxembourg] *[Senior Notes denominated in euro may be governed by Luxembourg law. All Senior Notes denominated in euro and not governed by Luxembourg law will be governed by English law. All other Senior Notes will be governed by English law. All Subordinated Notes will be governed by Luxembourg law.]*

DISTRIBUTION

33. (i) If syndicated, names [and addresses]² of Managers [and underwriting commitments]:² [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- [(ii) Date of Subscription Agreement: [_]]²
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give names]

34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
36. Additional Selling Restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €10,000,000,000 Euro Medium Term and Undated Note Programme of Dexia Banque Internationale à Luxembourg, société anonyme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____

Duly authorised

PART B – OTHER INFORMATION*

1 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].]
[Not Applicable.]
- (Where documenting a fungible issue need to indicate that the original notes are already admitted to trading.)*
- [(iii) Estimate of total expenses related to admission to trading: []³

2 RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [Fitch: []]
- [[Other]: []]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3 [NOTIFICATION

The Luxembourg Stock Exchange [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” – Amend as appropriate.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES²

- [(i) Reasons for the offer: []
- (See “Use of Proceeds” wording in Prospectus – if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)*
- [(ii) Estimated net proceeds: []
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: [] [Include breakdown of expenses.]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive*

Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6 [Fixed Rate Notes only – YIELD

Indication of yield:

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7 [Floating Rate Notes only - HISTORIC INTEREST RATES²

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

8 [Index Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS, A DESCRIPTION OF ANY MARKET DISRUPTION AND/OR SETTLEMENT DISRUPTION EVENTS THAT AFFECT THE UNDERLYING, A DESCRIPTION OF ANY ADJUSTMENT RULES WITH RELATION TO EVENTS CONCERNING THE UNDERLYING AND OTHER INFORMATION CONCERNING THE UNDERLYING⁴

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is an interest rate need to include a description of the interest rate. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.]

9 [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT⁴

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

10 OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes] [No] *(Only applicable for Senior Notes)*

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if “yes” selected in which case the Notes must be issued in NGN form]

ISIN Code:

Common Code:

Any clearing system(s) other than Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme and the relevant identification number(s):

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

Delivery:

Delivery [against/free of] payment

Paying Agent(s) (if any): Names and addresses of additional (if any):

[]

Name and address of Calculation Agent:

[]

11 GENERAL

Tradeable Amount:

[]⁵

[So long as the Notes are represented by the temporary Global Note or the permanent Global Note and the clearing system(s) so commits, the Notes will be tradeable in principal amounts of at least the Specified Denomination and integral multiples of the Tradeable Amount in excess thereof.]⁵

Applicable TEFRA exemption:

[C Rules/D Rules/Not Applicable]

Notes

* *If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B.*

1 *Delete unless the Issue Date of the first tranche of an issue which is being increased was prior to 22nd November, 2005.*

2 *Delete if the minimum Specified Denomination is at least €50,000 or its equivalent in other currencies.*

3 *Include if the minimum Specified Denomination is at least €50,000 or its equivalent in other currencies.*

4 *Required for derivative securities to which Annex XII to the Prospectus Directive applies.*

5 *Include if the minimum Specified Denomination is €50,000 or its equivalent in other currencies and the issue may be traded in Tradeable Amounts in excess of the Specified Denomination. From 1st January 2007, the Tradeable Amount must be at least €50,000 (or equivalent in other currencies).*

FORM OF FINAL TERMS FOR THE WARRANTS

The Form of Final Terms for the Warrants that will be issued in respect of each issue of Warrants, subject only to the deletion of non-applicable provisions, is set out below:

These Final Terms for the Warrants dated [•] must be read in conjunction with the Prospectus dated 14 December, 2006 [and the supplement to the Prospectus dated [•]].

A. Issue Details

1. Form of Warrants: [Bearer/Book-entry]
2. Title, Number, Put or Call:
3. European or American Style:
4. Issue Date:
5. Final Exercise Date:
6. Exercise Date or Exercise Dates (European Style only):
7. Strike Price:
8. Minimum Exercise Number:
9. Maximum Exercise Number (American Style only):
10. Calculation Agent:
11. Governing Law:
12. Date of resolution of Board of Directors of the Issuer approving the issue of the Warrants:
13. Dealers:
14. Date of Subscription Agreement:
15. Issue Price:
16. Commissions, concessions or other similar amounts:
17. Stock Exchange on which Warrants are listed:
(Where documenting a fungible issue need to indicate that the original Warrants are already admitted to trading)
18. Common Code:
19. Other Clearing System:
20. Code of any other Clearing System:
21. ISIN (if applicable):

B. Interests of Natural and Legal Persons involved in the Issue

So far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer.

C. Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i) Reasons for the offer: []

(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)]

[(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [] *[Include breakdown of expenses.]*

D. Exercise Rights

This Section should set out the rights attaching to the Warrants on exercise. It should generally include definitions of:

“Business Day” means [a day (other than a Saturday or a Sunday) on which banks are open for business in [] and London];

“Settlement Amount” (if applicable);

“Settlement Date” means [the [number of days] Business Day following the Valuation Date];

“Settlement Price” or “Applicable Exchange Rate” etc.;

“Valuation Business Day” means [a Business Day on which [foreign exchange markets in []/the [] Stock Exchange, etc.] are [(or, but for the occurrence of a Market Disruption Event, would be)] open for business];

“Valuation Date” means [, subject as provided below and in the Conditions,] the [next] [Valuation] Business Day following the Exercise Date.

This section should also include any other definitions or provisions relevant to the rights attaching to the Warrants, e.g. Market Disruption Events, Adjustment Rules, Discontinuance or Modification of Index etc.

E. Provisions modifying the General Conditions

[If applicable]

F. Additional selling restrictions

[If applicable]

G. Description of the Underlying

[If applicable]

[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket.]

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the amending and updating of the Programme. The issue of the Notes and the Warrants and the supplementing and/or restating of the Programme and the increases in the limit of the Programme were authorised by Resolutions of the Board of Directors passed on 19th September, 1995, 17th September, 1996, 16th September, 1997, 21st February, 2005 and 3rd October, 2005.

2. Save as disclosed in the Prospectus, there has been no significant change in the financial position of the Issuer since 30th June, 2006. Save as disclosed in the Prospectus, there has been no significant change in the financial position of the Group since 30th September, 2006 and there has been no material adverse change in the prospects of the Issuer or of the Group since 31st December, 2005.

3. Except as disclosed in this Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects, in the context of the issue of the Notes or the Warrants, on the financial position or profitability of the Issuer.

4. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any related underlying assets.

5. Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "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".

6. Notes and Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number ("ISIN") and the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms and the Common Code and ISIN for each Series of Warrants will be set out in the relevant Final Terms for the Warrants. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms or Final Terms for the Warrants.

7. Copies in physical form of the Articles of Association of the Issuer, the annual report (which includes consolidated and non-consolidated figures) and the audited annual accounts of the Issuer for the years ended 31st December, 2004 and 31st December, 2005, including the reports of statutory auditors in respect thereof, and semi-annual financial highlights of the Issuer for the period ended 30th June, 2006 and the Activity Report of the Group for the third quarter, 2006, may be obtained, and copies in physical form of this Prospectus and any supplement hereto and each Final Terms and Final Terms for the Warrants, the Distribution Agreement (as amended, restated or supplemented from time to time), the Agency Agreement (as amended, restated or supplemented from time to time), the Deed of Covenant (as amended, restated or supplemented from time to time), the Undertaking (as amended, restated or supplemented from time to time) and the Subscription Agreement with respect to any Tranche of Notes or Warrants listed on the Official List of the Luxembourg Stock Exchange will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. Copies in physical form of the Subscription Agreement and Final Terms or Final Terms for the Warrants in respect of any Tranche of Notes or Warrants listed on the Official List of the Luxembourg Stock Exchange, as the case may be, will be obtainable at the specified offices of the Issuer in Luxembourg during normal business hours, so long as any of the Notes or Warrants listed on the Official List of the Luxembourg Stock Exchange, as the case may be, of any such Tranche is outstanding.

8. PricewaterhouseCoopers S.à r.l. (a member of the *Institut des Réviseurs d'Entreprises* (the Luxembourg institute of chartered accountants)) has audited, and rendered unqualified audit reports on, the accounts of the Issuer for the two years ended 31st December, 2004 and 31st December, 2005.

9. The Prospectus and the Final Terms and Final Terms for the Warrants listed on the Official List of the Luxembourg Stock Exchange and all documents that have been incorporated by reference will be available to view on the Luxembourg Stock Exchange website (www.bourse.lu).

REGISTERED OFFICE OF THE ISSUER

Dexia Banque Internationale à Luxembourg, société anonyme

69 route d'Esch L-1470

Luxembourg

DEALERS

BNP PARIBAS

10 Harewood Avenue

London NW1 6AA

CALYON

9, Quai du President Paul Doumer

92920 Paris La Defense Cedex

Citigroup Global Markets Limited

Citigroup Centre

Canada Square

London E14 5LB

Credit Suisse Securities (Europe) Limited

One Cabot Square

London E14 4QJ

Dexia Banque Internationale à Luxembourg, société anonyme

(Dexia Capital Markets)

69 route d'Esch

L-1470 Luxembourg

Dresdner Bank Aktiengesellschaft

Jürgen-Ponto Platz 1

D-60301 Frankfurt am Main

Goldman Sachs International

Peterborough Court

133 Fleet Street

London EC4A 2BB

J.P. Morgan Securities Ltd.

125 London Wall

London EC2Y 5AJ

Merrill Lynch International

Merrill Lynch Financial Centre

2 King Edward Street

London EC1A 1HQ

Mitsubishi UFJ Securities International plc

6 Broadgate

London EC2M 2AA

Morgan Stanley & Co. International Limited

25 Cabot Square

Canary Wharf

London E14 4QA

Nomura International plc

Nomura House

1 St. Martin's-le-Grand

London EC1A 4NP

UBS Limited

1 Finsbury Avenue

London EC2M 2PP

ISSUING, FISCAL, PAYING AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg, société anonyme

69 route d'Esch

L- 1470 Luxembourg

REGISTRAR AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg

PAYING AGENTS

Dexia Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg

Dexia Banque S.A./Dexia Bank N.V.
44, boulevard Pacheco
B-1000 Brussels

HSBC Bank plc
8 Canada Square
E14 5HQ

CALCULATION AGENT

Dexia Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg

LUXEMBOURG LISTING AGENT

Dexia Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-1470 Luxembourg

ARRANGER

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

AUDITORS

To the Issuer
PricewaterhouseCoopers S.à r.l
400, route d'Esch B.P.
1443 L-1014 Luxembourg

LEGAL ADVISERS

To the Issuer
in respect of Luxembourg law
Elvinger, Hoss & Prussen
2 Place Winston Churchill
L-1340 Luxembourg

To the Dealers
in respect of English law
Linklaters
One Silk Street
London EC2Y 8HQ

