

PROSPECTUS



BNP PARIBAS

BNP PARIBAS

(incorporated in France)

Euro Senior Fixed Rate Notes due 27 June 2011

Issue Price: 100 per cent.

This Prospectus relates to the issue of Euro Senior Fixed Rate Notes due 27 June 2011 (the “**Notes**”) by BNP Paribas (“**BNPP**”, the “**Bank**” or the “**Issuer**”).

The Notes will bear interest from and including 27 June 2008 (the “**Issue Date**”) at the Rate of 4.50 per cent. Interest will be payable annually in arrear on 27 June in each year (each an “**Interest Payment Date**”), commencing on 27 June 2009. The (i) aggregate nominal amount of Notes to be issued and (ii) net proceeds of issue will be determined by the Issuer following, and on the basis of, the completion of the Offer Period (as described under “*Public Offer – Terms and conditions of the Public Offer*”) and will be published on 26 June 2008 on the Issuer’s website (invest.bnpparibas.com), on the Luxembourg Stock Exchange’s website (www.bourse.lu), on Euronext Amsterdam’s website (www.euronext.com) and on 27 June 2008 in the *Börsen-Zeitung* in Germany. A publication will also be made in the *Bulletin des annonces légales obligatoires* in France as soon as possible thereafter. The Notes will be assigned ratings of “Aa1” from Moody’s Investors Service Limited (“**Moody’s**”), “AA+” from Standard & Poor’s Rating Services, a Division of the McGraw-Hill Companies, Inc. (“**Standard & Poor’s**”) and “AA” from Fitch Ratings Ltd. (“**Fitch**”). 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.

The Notes will be in bearer form and in the denomination of €1,000. The Notes will be initially issued in the form of a temporary global Note which will be delivered on or prior to the Issue Date to a Common Safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**). On and after the Exchange Date (as defined in the section headed “*Summary of Provisions relating to the Notes while in Global Form*”) which shall be no earlier than 40 days after a temporary global Note is issued, interests in such temporary global Note will be exchangeable (free of charge) for interests in a permanent global Note, against certification of beneficial ownership unless such certification has already been given (all as more fully described in the section headed “*Summary of Provisions relating to the Notes while in Global Form*”). A permanent global Note will be exchangeable (free of charge), in whole but not in part, for definitive bearer Notes with Coupons attached only upon the occurrence of an Exchange Event (as defined in the section headed “*Summary of Provisions relating to the Notes while in Global Form*”), provided that (i) purchasers in the United States and certain U.S. persons will not be able to receive Notes in definitive form, and (ii) pursuant to the Law of 14 December 2005 on the abolition of securities in bearer form (the “**Law of December 2005**”), Notes in definitive form cannot be physically delivered to purchasers in Belgium; however, the Law of December 2005 permits the physical delivery of Notes in definitive form to a clearing system, custodian or other institution for the purpose of their immobilisation, in accordance with the provisions of the law.

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 10 July 2005 (the “**Luxembourg Act**”) on prospectuses for securities, for the approval of this document as a prospectus for offers of the Notes for the purposes of Article 5.3 of Directive 2003/71/EC (the “**Prospectus Directive**”) and for the purposes of the Luxembourg Act. Upon such approval, application will be made for (i) a certificate of approval under Article 18 of the Prospectus Directive as implemented in the Grand Duchy of Luxembourg to be issued by the CSSF to the competent authority in each of Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom and (ii) the Notes to be (a) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market, (b) listed on Euronext Amsterdam by NYSE Euronext (“**Euronext Amsterdam**”), (c) listed on the regulated market operated by NYSE Euronext Paris, (d) included in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, and (e) listed on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange. References in this Prospectus to any such exchange (and all related references) other than the Frankfurt Stock Exchange shall refer to the regulated market operated by the relevant exchange, which, in each case, is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. In addition, references in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading and listed on, or included in, as applicable, (i) the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market, (ii) Euronext Amsterdam, (iii) NYSE Euronext Paris, (iv) the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, and (v) the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange.

Any person (an “**Investor**”) intending to acquire or acquiring any Notes from any person (an “**Offeror**”) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

Bookrunner and Lead Manager
BNP Paribas UK Limited

Co-Lead Managers
BayernLB
Cortal Consors
Danske Bank
Dresdner Kleinwort
DZ BANK AG
Fortis Bank
ING
KBC Bank NV
Landesbank Baden-Württemberg
Landesbank Berlin AG
Rabobank Nederland
RZB-Austria
Raiffeisen Zentralbank Österreich AG

The date of this Prospectus is 3 June 2008.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**) (other than offers (the **"Permitted Public Offers"**) which are made prior to 16:00 (CET) on 25 June 2008 (or such later date as the Issuer may permit)), and which are contemplated in this Prospectus in each of Austria, Belgium, France, Germany, the Grand Duchy of Luxembourg, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom (the **"Public Offer Jurisdictions"**) once the Prospectus has been approved by the CSSF and published and notified to the relevant competent authorities in accordance with the Prospectus Directive as implemented in each of the Public Offer Jurisdictions, will be made pursuant to an exemption under Article 3(2) of the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, other than Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer or any of the Managers (as defined under "Summary") to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer or any Manager has authorised, nor does it authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Managers to publish or supplement a prospectus for such offer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference as described in "Documents Incorporated by Reference" below. This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Managers) in connection with the offer or sale of the Notes and, accordingly, this Prospectus does not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an Investor in respect of such information.

Information contained in this Prospectus which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

The only persons authorised to use this Prospectus in connection with the offer of the Notes are the Managers and **Authorised Offerors** (being any Offeror separately notified to and approved

by the Issuer, who has received a distribution confirmation from the Managers setting out the basis upon which such Offeror may distribute Notes during the Offer Period (as described in the section of this Prospectus headed "Public Offer – Terms and Conditions of the Public Offer"), subject always to the relevant laws and regulations applicable in each of the Public Offer Jurisdictions.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any further information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

In connection with the issue and sale of the Notes, neither the Issuer nor any of its affiliates will, unless agreed to the contrary in writing, act as a financial adviser to any Noteholder.

Neither this Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any of the Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date of this Prospectus or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the Prospectus containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes. Prospective investors should review, inter alia, the most recently published audited annual consolidated financial statements of the Issuer when deciding whether or not to purchase Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe or purchase, any of the Notes. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the European Economic Area ("**EEA**") (and certain member states thereof) and the United States (see "Subscription and Sale" below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "Subscription and Sale" below).

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE MANAGER NAMED AS THE STABILISING MANAGER(S) (THE "STABILISING MANAGER(S)") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES 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 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 NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Prospectus, references to "euro", "EURO", "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, references to "\$", "U.S.\$", "USD" and "U.S. dollars" are to United States dollars, references to "cents" are to United States cents, references to "yen", "JPY" and "¥" are to Japanese yen, references to "sterling", "GBP" and "£" are to pounds sterling and references to "CHF" are to Swiss francs.

FORWARD-LOOKING STATEMENTS

The sections of this Prospectus from, and including "BNP Paribas Group" to, but excluding, "Taxation" below contain forward-looking statements. BNP Paribas and the BNP Paribas Group (being BNP Paribas together with its consolidated subsidiaries, the "Group") may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Bank's and/or Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Bank and the Group undertake no obligation to update publicly any of them in light of new information or future events.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements for the years ended 31 December 2007 and 31 December 2006 have been prepared in accordance with international financial reporting standards as adopted by the European Union ("IFRS"). The Group's fiscal year ends on 31 December and references relating to BNP Paribas in the information statement dated 29 May 2008 (the "Information Statement") to any specific fiscal year are to the 12-month period ended 31 December of such year.

Due to rounding, the numbers presented or incorporated by reference throughout this information statement may not add up precisely, and percentages may not reflect precisely absolute figures.

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Summary

This summary must be read as an introduction to this Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (the "EEA") no civil liability will attach to any Responsible Persons in any such Member State in respect of this Summary unless 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 a Member State of the EEA, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Issuer

BNP Paribas ("BNPP" or the "Bank", and together with its consolidated subsidiaries, the "Group")

Description of BNPP

The Group (of which BNP Paribas is the parent company) is a European leader in banking and financial services. It has approximately 162,000 employees, 126,000 of whom are based in Europe. The Group occupies leading positions in three significant fields of activity: corporate and investment banking, asset management and services and retail banking. It has operations in 85 countries and has a strong presence in all the key global financial centers. It is present throughout Europe in all its business lines, with France and Italy constituting its two domestic retail banking markets. BNPP has a significant and growing presence in the United States and leading positions in Asia and in emerging markets.

At 31 December 2007, the Group had consolidated assets of €1,694.5 billion (compared to €1,440.3 billion at 31 December 2006), consolidated loans and receivables due from customers of €445.1 billion (compared to €393.1 billion at 31 December 2006), consolidated items due to customers of €346.7 billion (compared to €298.7 billion at 31 December 2006) and shareholders' equity (Group share including income for 2007) of €53.8 billion (compared to €49.5 billion at 31 December 2006). Pre-tax net income for the year ended 31 December 2007 was €11.1 billion (compared to €10.6 billion for the year ended 31 December 2006). Net income, Group share, for the year ended 31 December 2007 was €7.8 billion (compared to €7.3 billion for the year ended 31 December 2006).

The Group currently has long-term senior debt ratings of "Aa1" with stable outlook from Moody's, "AA+" with stable outlook from Standard & Poor's and "AA" with stable outlook from Fitch Ratings.

The Group has three divisions: retail banking, asset management and services and corporate and investment banking, the latter two of which also constitute "core businesses". Operationally, the retail banking division is itself comprised of three core businesses: French retail banking, Italian retail banking (BNL bc) and International Retail Services. The Group has additional activities, including those of its listed real estate subsidiary, Klépierre, that are conducted outside of its core businesses.

Except where otherwise specified, all financial information and operating statistics included herein are presented as of 31 December 2007.

Risk Factors (Issuer)

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. These include the following risk factors related to the Bank and its industry:

- (i) Eight main categories of risks are inherent in the Bank's activities, including:
 - Credit and Counterparty Risk;
 - Market Risk;
 - Operational Risk;
 - Asset-Liability Management Risk;
 - Liquidity and Refinancing Risk;
 - Insurance Underwriting Risk;
 - Business Risk; and
 - Strategic Risk.
- (ii) Adverse market or economic conditions may cause a decrease in net banking income or profitability.
- (iii) The Bank may incur significant losses on its trading and investment activities due to market fluctuations and volatility.
- (iv) The Bank may generate lower revenues from brokerage and other commission- and fee-based businesses during market downturns.
- (v) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.
- (vi) Significant interest rate changes could adversely affect the Bank's net banking income or profitability.
- (vii) Primary and secondary debt market conditions and deteriorating economic conditions could have a material adverse impact on the Bank's earnings and financial condition.
- (viii) A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Bank's results of operations and financial condition.
- (ix) The Bank's competitive position could be harmed if its reputation is damaged.
- (x) An interruption in or a breach of the Bank's information systems may result in lost business and other losses.
- (xi) Unforeseen events can interrupt the Bank's operations and cause substantial losses and additional costs.
- (xii) The Bank is subject to extensive supervisory and regulatory regimes in the countries and regions in which it operates.
- (xiii) Notwithstanding the Bank's risk management policies, procedures and methods it could still be exposed to unidentified or unanticipated risks, which could lead to material losses.

- (xiv) The Bank's hedging strategies may not prevent losses.
- (xv) The Bank may have difficulty in identifying and executing acquisitions, which could materially harm the Bank's results of operations.
- (xvi) Intense competition, especially in the Bank's home market of France, where it has the largest single concentration of businesses, could adversely affect the Bank's net banking income and profitability.

Risk Factors (Notes)

There are certain factors which are material for the purposes of assessing the market risks associated with the Notes. These are set out under "Risk Factors" below and include certain factors affecting the value and trading price of the Notes, certain considerations regarding change of law, effect of credit rating reduction, early redemption, interest rate changes, and possible illiquidity of Notes in the secondary market.

Managers

BNP Paribas UK Limited (the "Bookrunner and Lead Manager"), BayernLB, Cortal Consors, Danske Bank, Dresdner Kleinwort, DZ BANK AG, Fortis Bank, ING, KBC Bank NV, Landesbank Baden-Württemberg, Landesbank Berlin AG, Rabobank Nederland and RZB-Austria, Raiffeisen Zentralbank Österreich AG (the "Co-Lead Managers") (together with the Bookrunner and Lead Manager, the "Managers").

The Notes

Euro Senior Fixed Rate Notes due 27 June 2011.

Issue Price

In respect of any Note, 100 per cent. of the nominal amount of such Note.

Issue Date

27 June 2008.

Use of Proceeds

General corporate purposes.

Form of Notes

Notes will be issued in bearer form.

Coupon

The Notes will bear interest from and including 27 June 2008 at the Rate of 4.50 per cent. Interest will be payable annually in arrear on 27 June in each year, commencing on 27 June 2009.

Denominations of Notes

The Notes will be offered and sold, and may only be transferred, in nominal amounts of €1,000.

Taxation

Under the current practice of the French tax authorities (Circular 51-11-98 of the *Direction générale des impôts* dated 30 September 1998 as supplemented by the ruling 2007/59 of the *Direction*

générale des impôts dated 8 January 2008), payments of interest and other similar revenues in respect of notes which constitute *obligations* under French law (or securities assimilated thereto for French tax purposes) or *titres de créances négociables* under French tax law (or securities assimilated thereto for French tax purposes) will benefit from the exemption from withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided by Article 131 *quater* of the French *Code général des impôts* (see Condition 7 (Taxation) of the Terms and Conditions of the Notes).

Accordingly, such payments do not give the right to any tax credit from any French source.

Investors should carefully review the "Taxation" section of this Prospectus. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences in Austria, Belgium, France, Germany, Ireland, Italy, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and/or the United Kingdom (as applicable) of any investment in or ownership and disposition of the Notes.

Status of the Notes

The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).

Negative Pledge

The terms of the Notes contain a negative pledge provision as described under Condition 3 of the Terms and Conditions of the Notes.

Events of Default

The Notes do not contain any events of default.

Rating

The Notes will be assigned ratings of "Aa1" from Moody's Investors Service Limited, "AA+" from Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc. and "AA" from Fitch Ratings Ltd. 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.

Listing and admission to trading

Application will be made for (i) a certificate of approval under Article 18 of the Prospectus Directive as implemented in the Grand Duchy of Luxembourg to be issued by the CSSF to the competent authority in each of Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom and (ii) the Notes to be (a) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, (b) listed on Euronext Amsterdam, (c) listed on the regulated market operated by NYSE Euronext Paris, (d) included in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange and (e) admitted to or listed on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange.



Governing Law

The Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions and Public Offer

There are restrictions on the sale of Notes and the distribution of offering material — see “*Subscription and Sale*” below. United States: TEFRA D, Regulation S Category 2.

The Notes may be offered to the public in each of Austria, Belgium, France, Germany, the Grand Duchy of Luxembourg, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom. For a description of the public offer and certain applicable restrictions relating to offers of Notes to the public in the EEA, see “*Public Offer – Terms and conditions of the Public Offer*” and “*Subscription and Sale*”, respectively.

The (i) aggregate nominal amount of Notes to be issued and (ii) net proceeds of issue will be determined by the Issuer

following, and on the basis of, the completion of the Offer Period (as described under “*Public Offer – Terms and conditions of the Public Offer*”) and will be published on 26 June 2008 on the Issuer’s website (invest.bnpparibas.com), on the Luxembourg Stock Exchange’s website (www.bourse.lu), on Euronext Amsterdam’s website (www.euronext.com) and on 27 June 2008 in the *Börsen-Zeitung* in Germany. A publication will also be made in the *Bulletin des annonces légales obligatoires* in France as soon as possible thereafter.

Authorised Offerors

The offer will be made by licensed banks, authorised offerors and other entities duly authorised in the relevant jurisdictions.

Distributors (As far as the offer of Notes in Italy is concerned)

BNL and BNP Paribas.

Risk Factors

Prospective purchasers of the Notes offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all of the information in this Prospectus and, in particular, the risk factors set forth below (which the Issuer, in its reasonable opinion, believes represents or may represent the risk factors known to it which may affect the Issuer’s ability to fulfil its obligations under the Notes) in making an investment decision. Noteholders may lose the value of their entire investment in certain circumstances.

Terms used in this section and not otherwise defined have the meanings given to them in the relevant Conditions.

Risks Relating to the Bank and its Operations

See the section entitled Risk Factors contained on pages 5 to 10 of the Information Statement which is incorporated by reference in this Prospectus.

Risk Factors Relating to the Notes

General

There are certain factors which are material for the purpose of assessing the risks associated with an investment in the Notes.

Notes are unsecured obligations.

The Notes are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* with themselves and at least *pari passu* with the other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutory preferred exceptions).

Global credit market conditions.

Holders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

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

The market for debt securities is influenced by the economic and market conditions, interest rates, currency exchange rates and inflation rates in Europe and other industrialised countries and areas. 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 the Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes. It is not possible to predict the price at which Notes will trade in the secondary market. Also, to the extent Notes of a particular issue are redeemed in part, the number of Notes of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Notes of such issue. A decrease in the liquidity of an issue of Notes may cause, in turn, an increase in the volatility associated with the price of such issue of Notes.

A credit rating reduction may result in a reduction in the trading value of the Notes.

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of BNPP by standard statistical rating services, such as Moody's, Standard & Poor's and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities of BNPP by one of these or other rating agencies could result in a reduction in the trading value of the Notes.

Change of Law.

The Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to an administrative practice or change to English law after the date of this Prospectus.

The Notes may be redeemed prior to maturity.

In the event that the Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 7 of the Terms and Conditions of the Notes, the Issuer may and, in certain circumstances, shall redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

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). Prospective 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. BNPP advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

The Notes may change in value due to changes in interest rates.

As the Notes are fixed interest rate instruments, investors are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes.

Euro-denominated Notes expose UK investors to foreign-exchange risk as well as to Issuer risk.

UK holders of the Notes 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.

No events of default.

The Terms and Conditions of the Notes do not contain any events of default. Accordingly, holders of Notes will not be able to accelerate the maturity of their Notes in any circumstances.

Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and that have been filed with the Luxembourg competent authority for the purpose of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, and shall be incorporated in, and form part of, this Prospectus:

- (a) an information statement relating to BNPP, dated 29 May 2008 (the "**Information Statement**");
- (b) the audited consolidated financial statements of BNP Paribas as at, and for the years ended, 31 December 2006 and 2007 (the "**BNPP 2006 Financial Statements**" and the "**BNPP**

2007 Financial Statements" respectively, together with the respective statutory auditors' reports thereon (together, the "**BNPP Auditors' Reports**")), as contained, respectively, in BNPP's *document de référence* in English for 2006 (the "**2006 Registration Prospectus**") and BNPP's *document de référence* in English for 2007 (the "**2007 Registration Document**"),

save that any statement contained herein or in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that such statement is inconsistent with a statement contained in this Prospectus.



The information incorporated by reference above is available as follows:

Information Incorporated by Reference	Reference
BNP PARIBAS	
<i>Information Statement</i>	
Risk Factors	Pages 5 to 10 of the Information Statement
Selected Financial Data	Pages 11 to 14 of the Information Statement
Recent Developments including the Issuer's 1st quarter results for the 3 months ended 31 March 2008	Pages 59 to 74 of the Information Statement
Business of the Group	Pages 75 to 94 of the Information Statement
Risk Management	Pages 95 to 122 of the Information Statement
Governmental Supervision and Regulation of BNP Paribas in France	Pages 123 to 125 of the Information Statement
Capital Adequacy of the BNP Paribas Group	Pages 126 to 132 of the Information Statement
Management of the Bank	Pages 133 to 139 of the Information Statement
Independent Statutory Auditors	Page 140 of the Information Statement
<i>BNPP 2006 Financial Statements</i>	
Consolidated Balance Sheet	Page 105 of the 2006 Registration Document
Consolidated Profit & Loss Account	Page 104 of the 2006 Registration Document
Consolidated Statement of Cashflows	Page 108 of the 2006 Registration Document
Appendices/Notes	Pages 109 to 191 of the 2006 Registration Document
Statutory Auditor's Report of the Consolidated Financial Statements	Pages 192 to 193 of the 2006 Registration Document
<i>BNPP 2007 Financial Statements</i>	
Consolidated Profit & Loss Account for the year ended 31 December 2007	Page 110 of the 2007 Registration Document
Consolidated Balance Sheet as 31 December 2007	Page 111 of the 2007 Registration Document
Consolidated Statement of changes in shareholders' equity between 1 January 2006 and 31 December 2007	Pages 112 to 113 of the 2007 Registration Document
Consolidated Statement of Cash Flows for the year ended 31 December 2007	Page 114 of the 2007 Registration Document
Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union	Pages 115 to 220 of the 2007 Registration Document
Statutory Auditors' Report on the Consolidated Financial Statements	Pages 221 to 222 of the 2007 Registration Document

Any information not listed in the cross reference list but included in the documents incorporated by reference, is given for information purposes only.

BNPP will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which or portions of which are incorporated herein by reference. Written or

oral requests for such documents should be directed to BNPP at its principal office set out at the end of this Prospectus. In addition, such documents will be available free of charge from the specified office in Luxembourg of BNP Paribas Securities Services, Luxembourg Branch, and will, along with this Prospectus, be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

BNP Paribas Group

Legal Status and Form of BNP Paribas

BNP Paribas is a French société anonyme registered with the *Registre du Commerce et des Sociétés* in Paris under number 662 042 449 (APE business identifier code: 651 C), licensed to conduct banking operations under the Monetary and Financial Code (*Code monétaire et financier, Livre V, Titre 1er*). The Bank was founded pursuant to a decree dated 26 May 1966. BNP Paribas is domiciled in France; its registered office is located at 16, boulevard des Italiens – 75009 Paris, France (telephone number: (+) 33 1 40 14 45 46). BNP Paribas is governed by banking regulations, the provisions of the Commercial Code applicable to trading companies and by its Articles of Association. The Bank's purpose [Article 3 of the Articles of Association] is to provide and conduct the following services with any legal entity or individual, in France and abroad, subject to compliance with the laws and regulations applicable to credit institutions licensed by the *Comité des Établissements de Crédit et des Entreprises d'Investissement*: any investment services, any services related to investment activities, any banking activities, any transactions related to banking activities, any purchase of an ownership interest, within the meaning of Book III, Title 1 relating to bank transactions, and Title II relating to investment services and their ancillary services, of the Monetary and Financial Code. The Bank was incorporated on 17 September 1993 for a period of 99 years. Each financial year begins on 1 January and ends on 31 December.

Business Overview

The Group (of which BNP Paribas is the parent company) is a European leader in banking and financial services. It has approximately 162,000 employees, 126,000 of whom are based in Europe. The Group occupies leading positions in three significant fields of activity: corporate and investment banking, asset management and services and retail banking. It has operations in 85 countries and

has a strong presence in all the key global financial centers. It is present throughout Europe in all its business lines, with France and Italy constituting its two domestic retail banking markets. BNPP has a significant and growing presence in the United States and leading positions in Asia and in emerging markets.

At 31 December 2007, the Group had consolidated assets of €1,694.5 billion (compared to €1,440.3 billion at 31 December 2006), consolidated loans and receivables due from customers of €445.1 billion (compared to €393.1 billion at 31 December 2006), consolidated items due to customers of €346.7 billion (compared to €298.7 billion at 31 December 2006) and shareholders' equity (Group share including income for 2007) of €53.8 billion (compared to €49.5 billion at 31 December 2006). Pre-tax net income for the year ended 31 December 2007 was €11.1 billion (compared to €10.6 billion for the year ended 31 December 2006). Net income, Group share, for the year ended 31 December 2007 was €7.8 billion (compared to €7.3 billion for the year ended 31 December 2006).

The Group currently has long-term senior debt ratings of "Aa1" with stable outlook from Moody's, "AA+" with stable outlook from Standard & Poor's and "AA" with stable outlook from Fitch Ratings.

The Group has three divisions: retail banking, asset management and services and corporate and investment banking, the latter two of which also constitute "core businesses". Operationally, the retail banking division is itself comprised of three core businesses: French retail banking, Italian retail banking (BNL bc) and International Retail Services. The Group has additional activities, including those of its listed real estate subsidiary, Klépierre, that are conducted outside of its core businesses. Except where otherwise specified, all financial information and operating statistics included herein are presented as of 31 December 2007.

Terms and Conditions of the Notes

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form:

The Euro Senior Fixed Rate Notes due 27 June 2011 (the "Notes", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 and forming a single series with the Notes) of BNP Paribas (the "Issuer") are issued subject to and with the benefit

of an Agency Agreement dated 27 June 2008 (such agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the "Fiscal Agent") and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the "Paying Agents").



The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

1. Form, Denomination and Title

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €1,000 each with Coupons attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. Status

The Notes and (if applicable) the relative Coupons are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).

3. Negative Pledge

The Issuer undertakes that, so long as any of the Notes or Coupons shall remain outstanding, it will not create any lien, pledge or other charge upon any of its present or future property, rights and assets as security for any notes or bonds (*obligations*) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange unless the Notes are secured rateably by such lien, pledge or charge.

4. Interest

4.1 Rate of Interest and Interest Payment Dates

The Notes bear interest from and including 27 June 2008 at a fixed annual rate of 4.50 per cent. Interest will be payable annually in arrear on 27 June (each an “**Interest Payment Date**”) in each year. The first payment (representing a full year’s interest) shall be made on 27 June 2009.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

5. Payments

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) but not thereafter.

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, “**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and “**TARGET2 Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (“**TARGET2**”) system is open.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be a Paying Agent having its specified office in the Netherlands so long as the Notes are listed on Euronext Amsterdam by NYSE Euronext (“**Euronext Amsterdam**”); and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 10.

6. Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their nominal amount on 27 June 2011.

6.2 Redemption for Taxation Reasons

- (a) If the Issuer would, as a result of any change in, or in the official interpretation or administration of, any laws or regulations of France or any other authority thereof or therein be required to pay additional amounts as provided in Condition 7, the Issuer may at its option at any time, on giving not more than 45 nor less than 30 days’ notice to the Noteholders (in accordance with Condition 10) which notice shall be irrevocable, redeem all, but not some only, of the

Notes at their nominal amount together with interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date upon which the Issuer could make payment without withholding for such taxes.

- (b) If the Issuer would, on the next due date for payment of any amount in respect of the Notes, be prevented by French law from making such payment notwithstanding the undertaking to pay additional amounts as provided in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall at any time redeem all, but not some only, of the Notes then outstanding at their nominal amount together with interest accrued to the date fixed for redemption, upon giving not less than 7 nor more than 45 days’ prior notice to the Noteholders (in accordance with Condition 10), provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of interest payable in respect of the Notes or, if such date is already past, as soon as practicable thereafter.

6.3 Purchases

The Issuer may, but is not obliged to, at any time purchase Notes (together with all unmatured Coupons appertaining thereto) at any price in the open market or otherwise.

6.4 Cancellations

All Notes which are redeemed or purchased by the Issuer will forthwith be cancelled (together with all unmatured Coupons presented therewith) and accordingly may not be re-issued or resold.

6.5 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. Taxation

- (a) Interest and other revenues with respect to notes which constitute *obligations* under French law (or securities assimilated thereto for French tax purposes) or *titres de créances négociables* under French tax law (or securities assimilated thereto for French tax purposes) and which are being issued or deemed issued outside the Republic of France benefit from the exemption, provided for in Article 131 *quater* of the French *Code général des impôts*, from deduction of tax at source set out under Article 125 A III of the French *Code général des impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.
- (b) **Additional Amounts:** If French law should require that payments in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, 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, as the case may be:

- (i) **Other Connection:** presented for payment by or on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, 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 the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
 - (ii) **Presentation more than 30 days after the Relevant Date:** presented more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
 - (iii) **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 EU 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
 - (iv) **Payment by another paying agent:** presented for payment by or on behalf of a holder of any Note, Receipt or Coupon, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.
- (c) **Certification of non-residency in France:** Where such withholding or deduction is imposed by reason of a Noteholder failing to supply certification of its non-French residency in accordance with the relevant French tax provisions.
- 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, 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; and
 - references to (i) “**nominal**” shall be deemed to include all amounts in the nature of nominal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “**nominal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.
- (d) **Supply of Information:** Each Noteholder shall be responsible for supplying, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council

Directive 2003/48/EC or any 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.

8. Prescription

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5.

9. Replacement of Notes and Coupons

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

10. Notices

Unless otherwise specified in these Terms and Conditions, all notices regarding Notes will be valid if published on the Issuer’s website at invest.bnpparibas.com and:

- (i) so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, in accordance with the rules of the Luxembourg Stock Exchange (which permit, among other things, publication on the website of the Luxembourg Stock Exchange (www.bourse.lu);
- (ii) so long as the Notes are listed on the regulated market of NYSE Euronext Paris, and to the extent that applicable rules so require, in a daily financial newspaper having general circulation in France (which is expected to be *La Tribune* or *Les Echos*);
- (iii) so long as the Notes are listed on Euronext Amsterdam and the rules of such stock exchange so require (a) in a daily newspaper with general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*) and (b) in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam;
- (iv) so long as Notes (x) are included in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange and applicable securities and exchange laws so require or (y) that have been sold to the public in Germany are outstanding, in a supranational statutory exchange gazette (*Börsenpflichtblatt*); and
- (v) so long as the Notes are listed on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange and the Austrian Stock Exchange Act (*Börsegesetz*) and/or the rules of the Vienna Stock Exchange so require, either on Reuters, Bloomberg or Dow Jones Newswire (or any successor thereof).

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. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

11. Meetings of Noteholders and Modification

11.1 Meetings of Noteholders

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

11.2 Modification

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

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

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 10 as soon as practicable thereafter.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

13. Governing Law and Submission To Jurisdiction

13.1 Governing law

The Agency Agreement and the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

13.2 Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

13.3 Appointment of Process Agent

The Issuer appoints BNP Paribas, London branch, currently of 10 Harewood Avenue, London NW1 6AA (Attention: the Commercial Legal Banking Department) as its agent for service of process, and undertakes that, in the event of BNP Paribas, London branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

13.4 Other documents

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

14. Rights of Third Parties

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



Public Offer

Upon the approval of this Prospectus by the CSSF, application will be made for a certificate of approval under Article 18 of the Prospectus Directive attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive as implemented in the Grand Duchy of Luxembourg. Following the due delivery to, and acceptance of such certificate by, the competent authority in each Public Offer Jurisdiction (except the Grand Duchy of Luxembourg), an offer of the Notes, other than pursuant to Article 3(2) of the Prospectus Directive, may be made by the Managers and Offerors authorised to do so by the Issuer in the Public Offer Jurisdictions during the Offer Period specified below. In any other EEA Member State or at any time outside the Offer Period, offers of the Notes will only be made pursuant to Article 3(2) of the Prospectus Directive.

The Issuer retains responsibility for the Prospectus in relation to offers of the Notes to Investors during the Offer Period by any Manager, by any Distributor (as defined in **2. Placing and Underwriting** below) or by any Authorised Offeror. Any such offers are not made on behalf of the Issuer or any other Offeror and neither the Issuer nor any other Offeror makes any representation as to the compliance by any Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to any such offer. Neither the Issuer nor any other Offeror has any responsibility or liability for the actions of such Authorised Offerors.

The Notes may only be offered or sold in any jurisdiction in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction.

1. Terms and conditions of the public offer

The Notes may be offered by certain banks, Authorised Offerors and other authorised entities to the public in the following jurisdictions in the EEA: Austria, Belgium, France, Germany, Ireland, Italy, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom. Any such offer will be made in accordance with the following terms and conditions:

Offer Period:

Offer Period will commence at 9:00 CET on 9 June 2008 and terminate at 16:00 CET on 25 June 2008.

The Issuer reserves the right (the “**Modification Right**”) to cancel, withdraw, or alter the terms of the offer of the Notes (including, without limitation, by cancelling the issue of Notes following termination of the Offer Period, by extending the Offer Period or by terminating the Offer Period early at any time following its commencement) following consultation with the Managers. Any alteration pursuant to the Modification Right will take effect at the end of the third hour following its publication on the Issuer’s website (invest.bnpparibas.com), on the Luxembourg Stock Exchange’s website (www.bourse.lu), on Euronext Amsterdam’s website (www.euronext.com) and in the *Börsen-Zeitung* in Germany. A publication will also be made in the *Bulletin des annonces légales obligatoires* in France as soon as possible thereafter. Such three-hour period shall commence at the time of the first such publication. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises its right to withdraw its offer or cancel the issue of the Notes, potential investors shall not be entitled to subscribe or otherwise acquire the Notes.

Conditions to which the offer is subject:

The issue of the Notes is conditional upon the satisfaction of:

- (a) certain conditions precedent customary for transactions of this type (including issue of the Notes) as set out in the Subscription Agreement, and the Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Notes; and
- (b) any additional conditions set out in the standard terms of business of the Authorised Offerors, notified to investors by such relevant Authorised Offerors.

Description of the subscription process:

The Notes may be subscribed through the Managers, the Distributors or any Authorised Offeror. The applications can be made in accordance with the Authorised Offeror’s usual procedures.

Prospective investors will not be required to enter into any contractual arrangement directly with the Issuer or the Managers in relation to the subscription of the Notes.

Details of the minimum and/or maximum allocation:

The minimum allocation per investor will be €1,000 in nominal amount of the Notes.

Subject to the Modification Right, all subscriptions for Notes received during the Offer Period will be allocated in full.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

N/A

Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the relevant Authorised Offeror, and as far as the offer of Notes in Italy is concerned, by the relevant Distributor of their allocations of Notes and the settlement arrangements in respect thereof.

Manner and date in which results of the offers are to be made public:

The result of the Offer in Italy will be available from the Distributors following the Offer Period (as described above) and prior to the Issue Date.

The (i) aggregate nominal amount of the Notes to be issued and (ii) net proceeds of issue will be determined by the Issuer following, and on the basis of, the completion of the Offer Period and will be published on 26 June 2008 on the Issuer’s website (invest.bnpparibas.com), on the Luxembourg Stock Exchange’s website (www.bourse.lu), on Euronext Amsterdam’s website (www.euronext.com) and on 27 June 2008 in the *Börsen-Zeitung* in Germany. A publication will also be made in the *Bulletin des annonces légales obligatoires* in France as soon as possible thereafter.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

N/A

Categories of potential investors to which the Notes are offered:

Offers may be made by the Authorised Offerors in Austria, Belgium, France, Germany, the Grand Duchy of Luxembourg, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom to any person. In other EEA states, offers will only be made by the Authorised Offerors pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.

As far as the offer of Notes in Italy is concerned, offers in Italy may be made by the Distributors to any person. Qualified Investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended, and the relevant implementing CONSOB regulations, as amended from time to time, as well as in Article 2 of the Prospectus Directive, may be allocated only those Notes remaining after the allocation of all Notes requested by the public in Italy during the Offer Period.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Investors will be notified by the relevant Offerors of their allocations of Notes.

No dealings in the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC may take place prior to the Issue Date.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

The Issuer is not aware of any expenses and taxes specifically charged to the subscriber or purchaser.

An indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure:

The Notes will be offered at an issue price per Note of 100 per cent. of the nominal amount of such Note. Any investor intending to acquire any Notes from a bank, an Authorised Offeror or other entity (other than a Manager in its capacity as such) will do so in accordance with any terms and other arrangements in place between the seller or placer and such investor, including as to price, allocations and settlement arrangements. The Issuer will not be a party to such arrangements with investors, and accordingly investors must obtain such information from the relevant seller or placer.

Other terms:

The Notes, including the global Notes and the definitive Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or another institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

2. Placing and Underwriting

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:

BNP Paribas UK Limited, 10 Harewood Avenue, London NW1 6AA, United Kingdom.

The offer may also be made by other licensed banks, Authorised Offerors and other entities duly authorised in the relevant jurisdictions.

Name and address of any paying agents and depository agents in each country (in addition to the Fiscal Agent):

The name and address of the paying agents with respect to the Notes are set out at the end of this Prospectus. There will be no depository agents.

Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission:

See “*Subscription and Sale*” below.

The addresses of the Managers are set out at the end of the Prospectus.

The Issuer will also be acting as an Offeror and the Notes will be offered to the Italian investors through Authorised Offerors appointed as Distributors by the Issuer. The Notes will be placed without any underwriting commitment by the Distributors.

See “*Subscription and Sale*” below for the overall amount of commission to be paid to the Managers, the Authorised Offerors and the Distributors.

Distributors: (As far as the offer of Notes in Italy is concerned)

BNL and BNP Paribas

The role of lead manager (*responsabile del collocamento*) is performed by BNP Paribas.



Subscription and Sale

Pursuant to a subscription agreement to be entered into with the Issuer on 6 June 2008 (the “**Subscription Agreement**”), the Managers will agree, jointly and severally, to procure subscriptions and payment for, and failing which, to subscribe, the Notes at an issue price per Note of 100 per cent. of the nominal amount of such Note. The Issuer will separately pay to the Managers, the Authorised Offerors and the Distributors management, underwriting and selling commissions of up to 2.5 per cent. of the aggregate nominal amount of Notes issued. In addition, the Issuer will agree to reimburse the Managers for certain of their expenses, and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement will entitle the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer and the Managers have also entered into a Prospectus Confirmation Agreement dated the date hereof, for the purposes of, among other things, agreeing to the terms of the restrictions set out below.

As far as the offer of Notes in Italy is concerned, the Issuer will act as an Offeror and the Notes will be offered to the Italian investors through Authorised Offerors appointed as Distributors by the Issuer. The Notes will be placed into Italy without any underwriting commitment by any Distributor and no undertakings have been made by third parties to guarantee the subscription of the Notes.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Manager 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 which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State, other than the offers contemplated in the Prospectus in Austria, Belgium, France, Germany, the Grand Duchy of Luxembourg, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom from the time the Prospectus has been approved by the CSSF in Luxembourg and published and notified to the relevant competent authorities in accordance with the Prospectus Directive as implemented in Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) 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;
- (b) 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;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes 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 to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not (as defined in Regulation S) 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 or pursuant to an exemption from the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has represented and agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Manager, within the United States or to, or for the account or benefit of, U.S. persons. Each Manager has further agreed that it will send to each dealer to which it sells any 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.

Until 40 days after the commencement of the offering of any Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each of the Managers and the Issuer has represented, warranted and agreed that, prior to (1) the period beginning when this Prospectus has been approved by the Commission de Surveillance du Secteur Financier (“**CSSF**”) in Luxembourg and such approval has been notified to the Autorité des marchés financiers (“**AMF**”) in France by the CSSF, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF and (2) the publication of a notice in the *Bulletin des annonces légales obligatoires* in France, it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, this Prospectus or any other offering material relating to the Notes other than in circumstances that do not constitute a public offer (*appel public à l'épargne*) in France as defined in Article L.411-1 of the French *Code monétaire et financier*.

Italy

Until the offering of the Notes has been registered pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other Prospectus relating to the Notes be distributed in Italy, except:

- (i) to qualified investors (*investitori qualificati*) (the “**Qualified Investors**”), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971**”).

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or Authorised Offeror permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and

- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Ireland

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell any Notes except in conformity with the provisions of the Prospective Directive (Directive 2003/71/EC), and applicable implementing measures in its relevant jurisdiction or Ireland, and the provisions of the Companies Acts 1963 to 2006 as amended of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on; and
- (c) it has complied and will comply with all applicable provisions of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and any applicable implementing measures in its relevant jurisdiction or Ireland, any applicable code of conduct or practice made thereunder, and it will operate within the terms of its authorisation under the foregoing when providing investment services (as defined in foregoing Directive).

General

Except as provided above in the section headed “Public Offer”, no action has been or will be taken in any country or any jurisdiction by any Manager or the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Manager has represented and agreed that it will, to the best of its knowledge and belief, comply with all applicable laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes, in all cases at its own expense, and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Notes under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sale or deliveries.

Other persons into whose hands this Prospectus comes are required by the Issuer and each Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish the Prospectus or any related offering or publicity material, in all cases at their own expense.



Summary of Provisions Relating to the Notes while in Global Form

The following is a summary of the provisions to be contained in the temporary global Note and the permanent global Note (together the “Global Notes”) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The permanent global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if an Exchange Event occurs. The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. For these purposes, “Exchange Event” means that (a) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent global Note in definitive form. In the case of (a), the holder of the permanent global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent and, in the case of (b) (above), the Issuer may give notice to the Fiscal Agent of its intention to exchange the permanent global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the permanent global Note may or, in the case of (b) (above), shall surrender the permanent global Note to or to the order of the Fiscal Agent. In exchange for the permanent global Note the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the permanent global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the permanent global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “Exchange Date” means a day specified in the notice requiring exchange falling not less than 40 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (a) (above), in the place in which the relevant clearing system is located.

2. Payments

On and after 7 August 2008, no payment will be made on the temporary global Note unless exchange for an interest in the permanent global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of

Euroclear and Clearstream, Luxembourg and the nominal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the temporary global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 10, provided that (i) so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, notice will also be given by publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) if and to the extent that the rules of the Luxembourg Stock Exchange so require, (ii) so long as the Notes are listed on the regulated market of NYSE Euronext Paris, and to the extent that applicable rules so require, in a daily financial newspaper having general circulation in France (which is expected to be *La Tribune* or *Les Echos*), (iii) so long as the Notes are listed on Euronext Amsterdam and the rules of such stock exchange so require (a) in a daily newspaper with general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*), and (b) in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V., (iv) so long as the Notes (x) are included in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange and applicable securities and exchange laws so require and/or (y) that have been sold to the public in Germany are outstanding, in a supranational statutory exchange gazette (*Börsenpflichtblatt*); and (v) so long as the Notes are listed on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange and the Austrian Stock Exchange Act (*Börsegesetz*) and/or the rules of the Vienna Stock Exchange so require, notice will also be given by publication on Reuters, Bloomberg or Dow Jones Newswire (or any successor thereto). 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. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes (each an “Accountholder”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall

be conclusive and binding for all purposes) shall be treated as the holder of that nominal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on the nominal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

Taxation

The statements herein regarding taxation are based on the laws in force in Austria, Belgium, France, Germany, Ireland, Italy, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the nominal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate.

decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences in Austria, Belgium, France, Germany, Ireland, Italy, the Grand Duchy of Luxembourg, the Netherlands, Portugal, Spain and/or the United Kingdom (as applicable) of any investment in or ownership and disposition of the Notes.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**"). For these purposes, the term "paying agent" is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of an individual.

However, throughout a transitional period, certain Member States (the Grand Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15 per cent. during the first three years, 20 per cent. during the subsequent three years and 35 per cent. until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

As regards Luxembourg taxation, the Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union were implemented in Luxembourg law by the laws dated 21 June 2005 (the "**Laws**").



Austrian Taxation

1. Income Tax

Individuals subject to unlimited income tax liability holding bonds as a non-business asset are subject to income tax on all resulting interest payments pursuant to sec. 27(1)(4) and 27(2)(2) of the Austrian Income Tax Act. Such interest payments are subject to a withholding tax of 25.0 per cent. in case they are paid out by an Austrian paying agent. This withholding tax has the effect of final taxation in the case of a public placement of the bonds (i.e. no additional income tax is levied over and above the amount of tax withheld). Even if interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25.0 per cent. applies in the case of a public placement of the bonds. Since in this case no withholding tax is levied, interest payments must be included in the income tax return.

Individuals subject to unlimited income tax liability holding bonds as a business asset are subject to income tax on all resulting interest payments. Such interest payments are subject to a withholding tax of 25.0 per cent. in case they are paid out by an Austrian paying agent, this withholding tax having the effect of final taxation in the case of a public placement of the bonds (i.e. no additional income tax is levied over and above the amount of tax withheld). Even if interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25.0 per cent. applies in the case of a public placement of the bonds. Again, such income has to be included in the income tax return.

Corporations subject to unlimited corporate income tax liability are subject to corporate income tax on all interest payments resulting from bonds at a rate of currently 25.0 per cent. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act, no withholding tax is levied.

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(1) of the Austrian Corporate Income Tax Act and holding bonds as a non-business asset are subject to corporate income tax on all interest payments received pursuant to sec. 13(3)(1) of the Austrian Corporate Income Tax Act at a rate of 12.5 per cent. in the case of a public placement of the bonds. Under the conditions set forth in sec. 94(11) of the Austrian Income Tax Act, no withholding tax is levied.

2. EU withholding tax

Sec. 1 of the Austrian EU Withholding Tax Act – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies.

This section on taxation contains a brief summary with regard to certain important principles which are of significance in Austria in connection with bonds. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for individual potential investors. It is based on the currently valid Austrian tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may also be effected with retro-active effect and may negatively impact on the tax consequences described above. It is recommended that potential purchasers of bonds consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale. Tax risks resulting from the bonds shall be borne by the purchaser.

Belgian Taxation

The following summary describes the principal Belgian withholding tax considerations with respect to the holding of the Notes obtained by an investor following this offer in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Notes. In some cases, different rules may be applicable. Furthermore, the tax rules may be amended in the future, possibly with retrospective effect, and the interpretation of the tax rules may change.

This summary is based on the Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the publication of this offer in Belgium, without prejudice to any amendments introduced at a later date, even if implemented with retrospective effect.

Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account their own specific circumstances.

Belgian Income Tax

For Belgian tax purposes, interest includes any interest paid on the Notes as well as any amount paid in excess of the initial issue price upon redemption or purchase by the Issuer.

(A) Belgian resident individuals

Individuals who are Noteholders and who are Belgian residents for tax purposes, i.e. who are subject to Belgian personal income tax ("*Personenbelasting/Impôt des personnes physiques*"), are subject to the following tax treatment with respect to the Notes in Belgium. Other rules may be applicable in special situations, in particular when individuals resident in Belgium acquire the Notes for professional purposes or when their transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15 per cent. withholding tax in Belgium (calculated on the interest received after deduction

of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

If the interest is paid outside of Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15 per cent. (plus local surcharges).

If the Notes qualify as fixed income securities for the purposes of article 2, §1,8° of the Belgian Income Tax Code (“ITC”), in the event of a transfer of the Notes between two interest payment dates, income equal to the accrued interest corresponding to the detention period must be declared and income tax at a flat rate of 15 per cent. plus local surcharges will be due if no Belgian withholding tax has been levied on that amount.

Capital gains realised on the sale of the Notes to a party other than the Issuer, except in respect of that part of the sale price attributable to the *pro rata* interest component, are in principle tax exempt (unless the tax authorities can prove that the capital gain does not result from the normal management of a non-professional investment). The investor must declare the interest as moveable income in his or her personal income tax return. Such income will in principle be taxed separately, currently at a rate of 15 per cent. (plus the applicable local surcharge), unless it can be demonstrated that such income will be subject to Belgian withholding tax upon maturity.

Capital losses on the Notes are generally not tax deductible.

(B) Belgian companies

Companies that are Belgian residents for tax purposes, i.e. that are subject to Belgian Corporate Income Tax (“*Vennootschapsbelasting/ Impôt des sociétés*”) are subject to the following tax treatment with respect to the Notes in Belgium.

Interest received by Belgian companies on the Notes and capital gains realised on the Notes will form part of the company’s taxable basis and thus be subject to Belgian corporate income tax of 33.99 per cent. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium will generally be subject to a 15 per cent. Belgian withholding tax, but can under certain circumstances be exempt from withholding tax, provided formalities are complied with.

For zero or capitalization bonds, no exemption will apply, unless the Belgian company and the Issuer are associated companies within the meaning of article 105,6° RD/ITC.

Belgian companies are in principle entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled.

(C) Other Belgian legal entities subject to the legal entities income tax

Legal entities Noteholders that are Belgian residents for tax purposes, i.e. that are subject to Belgian tax on legal entities (“*Rechtspersonenbelasting/impôt des personnes morales*”) are subject to the following tax treatment with respect to the Notes in Belgium.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the payment of the 15 per cent. withholding tax.

If the Notes qualify as fixed income securities for the purposes of article 2, §1,8° of the ITC, in the event of a transfer of the Notes between two interest payment dates, Belgian legal entities have to pay a 15 per cent. withholding tax on the accrued interest corresponding to the detention period.

Capital gains realised on the sale of the Notes to a party other than the Issuer, are in principle tax exempt, except in respect of that part of the sale price attributable to the *pro rata* interest component. Such interest is subject to withholding tax, currently at the rate of 15 per cent. This withholding tax must be paid by the legal entity itself, unless it can demonstrate that the withholding tax will be paid at maturity.

Tax on stock exchange transactions

The acquisition of the Notes upon their issuance is not subject to the tax on stock exchange transactions.

The sale and acquisition of the Notes on the secondary market is subject to a tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is generally due at a rate of 0.07 per cent. on each sale and acquisition separately, with a maximum of € 500.00 per taxable transaction. Exemptions apply for certain categories of institutional investors and non-residents.

Tax on the physical delivery of bearer securities

The physical delivery of bearer securities is subject to a 0.6 per cent. tax on physical delivery if such delivery is subsequent to (i) the secondary market acquisition for consideration through an Authorised Offeror, (ii) the transformation from registered into bearer form, or (iii) the release from deposit with a credit institution, stock broker, company for asset management or the Interprofessional Securities Depository and Giro Bank (“*Interprofessionele Effectendeposito- en Girokas* or *Caisse Interprofessionnelle de Dépôts et de Virements de Titres*”). There is an exemption available in respect of the physical delivery of bearer securities to certain Authorised Offerors.

French Taxation

Savings Directive

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

French taxation

Payments of interest and other revenues with respect to Notes (if they constitute *obligations* or *titres de créances négociables* under French tax law, or other debt instruments issued under French or

foreign law and fiscally considered as *obligations* or *titres de créances négociables*) are deemed to be subscribed outside of France and benefit from the tax exemption at source on interest set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

Otherwise, the withholding tax exemption applies if all the conditions provided by Article 131 *quater* of the French *Code général des impôts* are met and in particular if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or a fixed base therein.

German Taxation

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

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and each country of which they are residents.

Tax Residents

Until 31 December 2008

Payments of interest on the Notes, including interest having accrued up to the disposition of Notes and credited separately ("**Accrued Interest**"; *Stückzinsen*), if any, to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. thereon). In addition church tax may apply as a surcharge on the personal income tax. Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business. Accrued Interest paid upon the acquisition of Notes may give rise to negative income if the Notes are held as a non-business asset.

Upon the disposition, assignment or redemption of Notes a Noteholder holding the Notes as a non-business asset will have to include in his taxable income further amounts if the Notes can be classified as a financial innovation ("**Financial Innovation**", *Finanzinnovation*) under German tax law. In this case, generally the pro-rata initial yield to maturity (*besitzzeitanteilige Emissionsrendite*) as determined as of the time of issue minus interest, including

Accrued Interest, already taken into account, is taxed as interest income. If the Notes do not have an initial yield to maturity or if the Noteholder fails to provide evidence of an existing (*pro-rata*) initial yield to maturity and the tax authorities do not identify an initial (*pro-rata*) yield to maturity, the difference between the proceeds from the disposal, assignment or redemption and the issue or purchase price (*Marktrendite*) is treated as interest income and is subject to income tax (plus solidarity surcharge and church tax thereon, if any) in the year in which the Notes are disposed of, assigned or redeemed. However, according to decisions of the German Federal Tax Court, with respect to certain Financial Innovations that do not have an initial yield to maturity but for which a clear distinction between the investment income and gains or losses from the change in the value of the capital invested can be drawn, only the investment income should be taxable while the gains or losses should be taxable as capital gains as described below.

Where Notes forms part of the property of a German trade or business, each year the part of the difference between the issue or purchase price of the Notes and their redemption amount (if such amount is fixed at the time of the acquisition) attributable to such year as well as interest accrued must be taken into account as interest income and may also be subject to trade tax.

Capital gains from the disposal, assignment or redemption of Notes, other than income described in the second paragraph above, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition or form part of the property of a German trade or business, in which case the capital gains may also be subject to trade tax. All capital gains and all losses derived from such dispositions are netted for each calendar year. A loss of up to €511,500 (€1,023,000 for married couples filing joint returns) can be carried-back to the previous year. If this is not possible or desired the loss can be carried forward and – subject to further requirements – set off against future capital gains, but not against other income. If the balance of gains and losses from the sale of such Notes or other non-business assets by an individual is less than €512 in a given calendar year such gain will not be subject to German tax. Capital gains derived by German-resident corporate Noteholders will be subject to corporate income tax (plus solidarity

surcharge at a rate of 5.5 per cent. thereon) and trade tax and losses from the redemption or sale of the Notes might be deductible from the taxable income under certain circumstances.

If the Notes are held in a custodial account that the Noteholder maintains with a German branch of a German or non-German bank or financial services institution (the “**Disbursing Agent**”) a 30 per cent. withholding tax on interest payments (*Zinsabschlag*), plus 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65 per cent. of the gross interest payment. Withholding tax on interest is also imposed on Accrued Interest.

In addition, to the extent the Notes are treated as Financial Innovations for German withholding tax purposes and are kept in a custodial account that the Noteholder maintains with a Disbursing Agent such custodian will generally withhold tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) from the positive difference between the redemption amount or proceeds from the disposition or assignment and the issue or purchase price of the Notes if the Notes have been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. If the Notes have not been kept in a custodial account with a Disbursing Agent since the time of issuance or acquisition, withholding tax of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) is applied to 30 per cent. of the amounts paid in partial or final redemption or the proceeds from the disposition or assignment of the Notes, respectively.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest previously paid by the Noteholder to the Disbursing Agent during the same calendar year.

If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax will apply at a rate of 35 per cent. of the gross amount of interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*). In this case proceeds from the disposition, assignment or redemption of a Coupon, and if the Notes qualify as Financial Innovations 30 per cent. of the proceeds from the disposition, assignment or redemption of a Note, will also be subject to withholding tax at a rate of 35 per cent. Where the 35 per cent. withholding tax applies Accrued Interest paid cannot be taken into account in determining the withholding tax base. Again a solidarity surcharge at a rate of 5.5 per cent. of the withholding tax applies so that the total tax burden to be withheld is 36.925 per cent.

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

From 1 January 2009

From 2009, withholding tax on interest payments, Accrued Interest and capital gains from the disposal, redemption, repayment or assignment of Notes (the latter applies, if the Notes were either acquired after 31 December 2008 or are classified as Financial Innovations; otherwise the tax regime for capital gains as described above will apply), will be levied at a rate of 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.), provided that the Notes have been held in a custodial account with the same Disbursing Agent (which term shall also include from 2009 a German securities trading company or securities trading

bank) since the time of their acquisition. If the German Noteholder is subject to church tax, upon application a church tax surcharge will also be withheld.

To the extent the Notes have not been kept in a custodial account with the Disbursing Agent since the time of acquisition, upon the disposal, redemption, repayment or assignment withholding applies at a rate of 26.375 per cent. (including solidarity surcharge) to 30 per cent. of the disposal proceeds, unless it has been notified of the actual acquisition costs of the Notes by the previous German Disbursing Agent or by a statement of a bank or financial services institution within the EEA.

However, no withholding tax will apply to gains from the disposal of Notes held by a corporation while ongoing payments, such as interest payments under a coupon, are subject to withholding tax.

From 2009, the personal income tax liability of a German Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in case of Notes kept in custody abroad, the German Noteholder must report his income and capital gains derived from the Notes on his tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). Further, a German Noteholder may request that all investment income of a given year is taxed at his lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded.

Where Notes form part of a trade or business or the income from the Notes qualifies as income from the letting and leasing of property the withholding tax will not settle the personal or corporate income tax liability. The German Noteholder will have to report income and related expenses on his tax return and the balance will be taxed at the German Noteholder’s applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the German Noteholder.

Exemption from withholding tax and solidarity surcharge

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Notes do not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property; and (ii) who filed an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income (and as of 2009 all taxable investment income from capital investments) derived from the Notes together with other investment income does not exceed the maximum exemption amount shown on the exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

Non-residents

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder; or (ii) the interest income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under “*Tax Residents*” applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and Notes are held in a custodial



account with a Disbursing Agent withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition, assignment or redemption of a Note are paid by a Disbursing Agent to a non-resident, withholding tax generally will also apply as explained above under “*Tax Residents*”. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

Inheritance and Gift Tax

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

Other Taxes

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

Irish Taxation

Irish Withholding Tax

The Issuer is not incorporated in Ireland and on the basis that the Issuer is not managed and controlled in Ireland, then it will not be regarded as resident in Ireland for the purposes of Irish tax, nor will it be deemed to be so resident by virtue only of the fact that the Notes are admitted to trading on the regulated market of the Irish Stock Exchange.

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (i.e. interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are made over a period in excess of one year and are pure income-profit in the hands of the recipient); and
- distributions (including interest that is treated as a distribution under Irish law) made by Irish resident companies, at the standard rate of Irish income tax (currently 20 percent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are Notes held in Ireland through a depository or otherwise located in Ireland then to the extent that payments of interest or annual payments arise on the Notes, such payments would not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, on the basis that the Issuer is not managed or controlled in Ireland nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes located in Ireland then none of these persons will be obliged to deduct any amount on account of Irish tax from payments made in connection with the Notes.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 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 instead required (unless during that period they elect otherwise) to operate 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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

By legislative regulations dated 26 January 2004 the Federal Government enacted provisions implementing the Directive into German law. These provisions apply from 1 July 2005.

Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or to an agent in Ireland on behalf of the related Noteholder may be subject to Irish encashment tax at the standard rate of Irish income tax (currently 20 per cent.), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the relevant Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

European Union Taxation of Savings Income Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted EU Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Under the Directive, Member States are required since 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest (or similar income which may include distributions made by the Issuer) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate 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). The Directive has been enacted into Irish legislation.

Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment (which may include any payments of interest or similar income if made by a paying agent located in Ireland) to, or secures an interest payment for the immediate benefit of, the beneficial owner of that

interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner.

Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in this legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

“Residual entity” means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities

within the meaning of the UCITS Directive 85/611/ECC, or it is such an entity or it is an equivalent entity established in an “associated territory”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory”, apply since 1 July 2005. For the purpose of these paragraphs, “associated territory” means Aruba, Netherlands Antilles, Jersey, Guernsey, Gibraltar, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands, Andorra, Liechtenstein, Monaco, San Marino and the Swiss Confederation.

Italian Taxation

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as a subsequently amended, (the “**Decree No. 239**”) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see “Capital Gains Tax” below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 12.50 per cent. In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium

and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Noteholder, also to IRAP - the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the “**Fund**”) or a SICAV, and the Notes are held by an authorized intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an “**Intermediary**”).



An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident Authorised Offeror and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Early Redemption

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Non-Italian Resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Capital Gains Tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital

gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain Authorised Offerors; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes are held outside Italy.

Inheritance and Gift Taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and
- (iii) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer Tax

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €168;

(ii) private deeds are subject to registration tax only in case of use or voluntary registration.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), Member States are required 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 instead required (unless during that period they elect otherwise) to operate 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 agreed to adopt similar measures (a withholding system in the case of Switzerland).

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (the “**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the “**Laws**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and

certain dependent and associated territories of EU Member States (the “**Territories**”), 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 beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient 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/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.



(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “**Law**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the 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 beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Netherlands Taxation

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only for holders of Notes who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this Prospectus, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a holder of Notes holds a substantial interest in the Issuer, if such holder of Notes, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*) and exempt investment institution (*vrijgestelde fiscale beleggingsinstellingen*); and
- (iii) pension funds or other entities that are exempt from Netherlands corporate income tax.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Netherlands Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Netherlands Corporate and Individual Income Tax

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (up to a maximum rate of 25.5 per cent.).

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates of the Netherlands income tax act 2001 (up to a maximum rate of 52 per cent.), if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4 per cent. will be taxed at a rate of 30 per cent.

Netherlands Gift and Inheritance Taxes

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

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the 10 years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands at any time during the 12 months preceding the time of the gift. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of the cash payment made under the Notes, or in respect of a transfer of Notes.

Other Netherlands Taxes and Duties

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

Portuguese Taxation

The following is a summary of the current Portuguese withholding tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments of principal and interest in respect of the Notes. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

The reference to "interest", "investment income" and "capital gains" in the paragraphs below means "interest", "investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "interest", "investment income" or "capital gains" which may prevail under any other law or which may be created by the Conditions or any related documentation.

Noteholder's Income Tax

Income generated by the holding (distributions) and disposal of the Notes is generally subject to the Portuguese tax regime for debt securities (obrigações).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payment 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 instead required (unless during that period they elect otherwise) to operate 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).

Also with effect from 1 July 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Economic benefits derived from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

Withholding Tax

Under current Portuguese law, investment income payments in respect of the Notes made to Portuguese tax resident companies are subject to corporate income tax at the current standard rate of 25 per cent. to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders taxable profits, where applicable.

As regards to investment income on the Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 20 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42 per cent. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Interest payments due by non resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a



rate of 20 per cent. whenever those payments are not subject to Portuguese withholding tax.

Payments of principal on the Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

Capital Gains

Under current Portuguese law, capital gains obtained by Portuguese tax resident entities on the disposal of the Notes issued by non resident entities are subject to corporate income tax at the current standard rate of 25 per cent. to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders taxable profits, where applicable.

Capital gains obtained by individuals who are resident in Portugal for tax purposes on the disposal of the Notes issued by non resident entities are not subject to taxation in Portugal.

EU Savings Directive

Portugal has implemented the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into the Portuguese law through Decree-Law no 62/2005, of 11 March 2005, as amended by Law no 39-A/2005, of 29 July.

All prospective Noteholders should seek independent advice as to their tax positions.

Spanish Taxation

BNP Paribas has been advised that, under Spanish tax law currently in effect, the Issuer should not be obliged to deduct withholdings on account of Spanish income taxes since it is a French tax resident entity which does not have a permanent establishment in Spain to which the issue of the Notes is connected.

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, legal or tax advice. This section does not constitute a complete description of all tax issues that may be relevant in making the decision to invest in the Notes or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Notes and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Spanish tax law, to which they may be subject.

Individuals with Tax Residence in Spain

Personal Income Tax

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish Noteholders may receive under the Notes will be subject to Spanish taxation.

Both interest periodically received, if any, and income arising on the disposal, redemption or reimbursement of the Notes obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties).

Both types of income will be included in the savings part of the taxable income subject to Personal Income Tax at the flat tax rate which is currently 18 per cent.

Spanish Noteholders shall compute the gross interest obtained, in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the disposal, redemption or reimbursement of the Notes will be calculated as the difference between (a) their disposal, redemption or reimbursement value and (b) their acquisition or

subscription value. Costs and expenses effectively borne on the acquisition and transfer of the Notes may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.

Likewise, expenses related to the management and deposit of the Notes, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Notes cannot be offset if the investor acquires homogeneous securities within the two month period prior or subsequent to the transfer of the Notes, until he/she transfers such homogeneous securities.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

Spanish Inheritance and Gift Tax

Spanish Inheritance and Gift Tax is levied on transfers of Notes upon death or by gift to Spanish tax resident individuals, with the taxpayer being the transferee. General tax rates currently range from 7.65 to 81.60 per cent. although the tax situation may vary depending on any applicable regional tax laws.

Spanish Wealth Tax

Spanish Wealth Tax is levied, on an annual basis, on the Notes held on 31 December. General tax rates currently range between 0.2 and 2.5 per cent. although these may vary depending on any applicable regional tax laws.

In this regard, the investor must complete the Notes for their face value. Tax credit for the avoidance of international double taxation may apply in respect of similar taxes paid abroad in respect of the Notes, if any.

Legal Entities with Tax Residence in Spain

Corporate Income Tax

Both interest periodically received, if any, and income arising on the disposal, redemption or reimbursement of the Notes obtained by entities which are tax resident in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is currently 30 per cent. However small sized companies could benefit from the reduced tax rate of 25 per cent on the first €120,202.41 of their taxable profits. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

Individuals and Legal Entities with no Tax Residence in Spain

A non-resident Noteholder who has a permanent establishment in Spain to which such Notes are attributable, is subject to Spanish Non-Residents' Income Tax, on any income under the Notes including both interest periodically received, if any, and income arising on the disposal, redemption or reimbursement of the Notes. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Spanish resident corporate income taxpayers.

Spanish Withholding Tax

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of

the Notes or intervenes as manager on the collection of any income under the Notes such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Notes.

The current withholding tax in Spain is 18 per cent. Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish resident individuals, or against Spanish final Corporate Income Tax liability, in the case of Spanish corporate or Spanish permanent establishments of non resident entities. However, Noteholders who are Corporate Income Taxpayers or non-resident Noteholders with a permanent establishment in Spain to which such Notes are attributable, can benefit from a withholding tax exemption when the Notes are listed in an OECD official stock exchange.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the regulations of Spanish Personal Income Tax and Corporate Income Tax (Law 36/2006, of November, on PIT Law) when intervening in the transfer or reimbursement of the Notes.

Indirect Taxation

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

UK Taxation

The following comments are of a general nature, apply only to persons who are the beneficial owners of Notes and are a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

Noteholders may wish to note that, in certain circumstances, HM Revenue & Customs ("HMRC") has power to obtain information (including the name and address of the beneficial owner of the

interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on redemption of Certificates which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on redemption of deeply discounted securities where such amounts are paid on or before 5 April 2009. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

General Information

1. Authorisation

The issue of the Notes will be authorised by a resolution of the board of BNPP dated 21 May 2008 and an issue decision (*décision d'émettre*) of an authorised representative of the Issuer.

2. Approval of the CSSF and Listing on certain Regulated Markets and other markets

Application has been made to the CSSF in its capacity as competent authority under the Luxembourg Law on Prospectuses for Securities to approve this prospectus as a Prospectus. Upon such approval, application will be made for (i) a certificate of approval under Article 18 of the Prospectus Directive as implemented in the Grand Duchy of Luxembourg to be issued by the CSSF to the competent authority in each of Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom and (ii) the Notes to be (a) listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, (b) listed on Euronext Amsterdam, (c) listed on the regulated market operated by NYSE Euronext Paris, (d) included in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, and (e) listed on the Second Regulated Market (*Geregelter Freiverkehr*) of the Vienna Stock Exchange. It is expected that listing of the Notes on the Regulated Market operated by the Luxembourg Stock Exchange will be granted on or before the Issue Date, subject only to the issue of a temporary global Note.

3. Documents Available

Copies of:

- (i) copies of the *Statuts* of BNPP;
- (ii) the audited annual consolidated financial statements of BNPP for the two years ended 31 December 2006 and 31 December 2007;
- (iii) the most recently published audited annual consolidated financial statements and unaudited semi-annual consolidated financial statements and quarterly results of BNPP;
- (iv) the Agency Agreement (which includes the forms of the Global Notes, the definitive Notes and the Coupons); and
- (v) the Information Statement relating to BNPP dated 29 May 2008 including BNPP's 1st quarter results for the three month period ended 31 March 2008,

will be available for inspection during the usual business hours on any day (except Saturdays, Sundays and public holidays) at the offices of BNP Paribas Securities Services, Luxembourg Branch at 33 rue de Gasperich, Howald – Hesperange, L-2085 Luxembourg. In addition, (iii), (iv) and (v) above are available on the Issuer's website: (invest.bnpparibas.com). In addition, copies of this Prospectus are available on the Luxembourg Stock Exchange's website: (www.bourse.lu).

4. Material Change

There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2007.

5. Legal and Arbitration Proceedings

Save as disclosed in the Information Statement on page 94, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the period covering at least the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.

6. Significant Change

No significant change has occurred in the financial position of BNPP since 31 March 2008 (being the end of the last financial period for which interim financial information has been published).

7. Material Contracts

The Issuer has not entered into contracts outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of Notes in respect of the Notes being issued.

8. Third Party Information

Information contained in this Prospectus which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

9. Conflicts of Interests

To the knowledge of the Bank, the duties owned by the members of the Board of Directors of the Bank do not give rise to any potential conflicts of interest with such members' private interests or other duties. So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer except for the Authorised Offerors and Distributors with reference to the commissions/fees paid to them.

10. Auditors

The statutory auditors (*Commissaires aux comptes*) of BNPP are currently the following:

Deloitte & Associés (which has replaced Barbier Frinault & Autres) was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. Deloitte & Associés is represented by Pascal Colin.

PricewaterhouseCoopers Audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 26 May 1994. PricewaterhouseCoopers Audit, represented by Étienne Boris, is a member of the PricewaterhouseCoopers network.

Mazars & Guérard was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 23 May 2000. Mazars & Guérard is represented by Hervé Hélias.

Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars & Guérard are registered as Statutory Auditors with the Regional Association of Statutory Auditors of Versailles (*Compagnie Régionale des Commissaires aux Comptes de Versailles*) and are placed under the authority of the French national accounting oversight board (*Haut Conseil du Commissariat aux Comptes*).

The Statutory Auditors have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2006 and 2007 and issued an unqualified opinion.

The addresses of the statutory auditors of BNP Paribas are as follows:

- (i) PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex;
- (ii) Deloitte & Associés, 185, avenue Charles de Gaulle, 92524 Neuilly sur Seine Cedex; and
- (iii) Mazars & Guérard, 61, rue Henri-Regnault, 92400, Courbevoie.

11. Clearing Systems

(i) Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others who clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The common code and ISIN for the Notes allocated by Euroclear and Clearstream, Luxembourg will be 036822287 and XS0368222872 respectively. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

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.

(ii) Common Safekeeper

The Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

12. Yield

On the basis of the issue price of the Notes of 100 per cent. of their nominal amount, the yield of the Notes is 4.50 per cent. It is not an indication of future yield.



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