

**\$150,000,000 5-Year Fixed Rate Notes, Due 2015**

Terms used in this “Pricing Supplement” are described or defined in the attached Product Supplement. The Notes will have terms described in the Product Supplement, Prospectus Supplement and Base Prospectus, as supplemented by this Pricing Supplement. If the terms described in this Pricing Supplement are different or inconsistent with those described in the Product Supplement, Prospectus Supplement or in the Base Prospectus, the terms described in this Pricing Supplement will supersede. Before you decide to invest we urge you to read this Pricing Supplement together with the Product Supplement, Prospectus Supplement and Base Prospectus.

- **Prospectus Supplement and Base Prospectus** <http://eqdus.bnpparibas.com/Home.aspx?Download=USSP\doc\2011ProspectusSupplementandBaseProspectus.pdf>
- **Product Supplement** <http://eqdus.bnpparibas.com/Home.aspx?Download=USSP\doc\2011ProductSupplement.pdf>

The Notes offered by this Pricing Supplement form a part of the same series as, and are fungible with, the Issuer’s outstanding \$750,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on March 11, 2010; \$400,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on April 26, 2010; \$600,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on October 13, 2010; \$650,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on November 15, 2010; \$100,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on February 23, 2011; \$150,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on April 27, 2011; and \$100,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on May 31, 2011. Upon completion of this offering, the aggregate principal amount of outstanding Notes of this series will be \$2,900,000,000.

**Issuer:** BNP Paribas (rated AA-/Aa3/A+)\*.

**Guarantor:** The Issuer acting through the New York Branch.

**Principal Amount:** \$150,000,000.

**Issue Price:** 100.677% of \$150,000,000.

**Net Proceeds:** 101.265% or \$151,897,500.00 (This includes 64 days of accrued interest).

**Trade Date:** May 8, 2012.

**Issue Date:** May 15, 2012.

**Maturity Date:** March 11, 2015.

**Redemption Amount:** 100% of the Principal Amount of the Notes.

**Call Option:** Not Applicable.

**Type of Notes:** Fixed Rate.

**Rate of Interest:** 3.250% per annum.

**Benchmark:** 1.797% - US Treasury 0.3750% due April 15, 2015.

**Issue Yield:** 2.997%, per annum.

**Issue Spread to Pricing Benchmark:** 2.638%.

**Interest Payment Date(s):** March 11 and September 11 of each year, commencing on September 11, 2012 and ending on the Maturity Date.

**Interest Calculation Period:** The Interest Amount will be payable semi-annually in arrears on each Interest Payment Date. The first Interest Calculation Period will begin on, and include March 11, 2012 and end on, but exclude, the first Interest Payment Date. Subsequent Interest Calculation Periods will begin on, and include, the most recent Interest Payment Date and end on, but exclude, the next succeeding Interest Payment Date.

**Business Day Convention:** Modified Following.

**Day Count Fraction:** 30/360, unadjusted.

**Business Day:** New York.

**Lead Manager:** BNP Paribas Securities Corp. (“BNPP Securities”).

**Co-Managers:** Scotia Capital (USA) Inc. and TD Securities (USA) LLC.

**Denominations:** The Notes will be issued in denominations of \$1,000. Minimum trading size is \$1,000. The Notes may only be transferred in amounts of \$1,000 and increments of \$1,000 thereafter.

**Type of Security:** Senior, unsecured notes.

**CUSIP:** 05567LG68.

**Series:** 714.

\*“A+” (stable outlook) by Standard and Poor’s Ratings Group, a rating of “Aa3” (on review for downgrade) by Moody’s Investors Service Ltd, and a rating of “AA-” (stable outlook) by Fitch Ratings. A rating (1) is subject to downward revision, suspension or withdrawal at any time by the assigning rating organization, (2) does not take into account market risk or the performance-related risks of the investment, and (3) is not a recommendation to buy, sell or hold securities.

---

See “Selected Risk Considerations” beginning on page 2 of this Pricing Supplement.

---

The Issuer has not been registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the Notes and the Guarantee have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”), or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the Notes or determined that this Pricing Supplement is truthful or complete. Any representation to the contrary is a criminal offense. Under no circumstances shall this Pricing Supplement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.

The Notes constitute unconditional liabilities of the Issuer and the Guarantee constitutes an unconditional obligation of the Guarantor. The Notes and the Guarantee are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal agency.

## ADDITIONAL TERMS

You should read this Pricing Supplement together with the Product Supplement, Prospectus Supplement and Base Prospectus. This Pricing Supplement, together with the Product Supplement, Prospectus Supplement and Base Prospectus, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Risk Factors” in the Base Prospectus, Prospectus Supplement and Product Supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes.

An investment in the Notes entails significant risks relating to the Notes not associated with similar investments in a conventional debt security, including those described below. You should read the following information about these risks, together with the other information in this Pricing Supplement, before investing in the Notes.

The Notes offered by this Pricing Supplement have the same terms as the Issuer’s outstanding \$750,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on March 11, 2010; \$400,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on April 26, 2010; \$600,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on October 13, 2010; \$650,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on November 15, 2010; \$100,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on February 23, 2011; \$150,000,000 5-Year Fixed Rate Notes, Series 714, issued on April 27, 2011; and \$100,000,000 5-Year Fixed Rate Notes, Series 714, Due 2015, issued on May 31, 2011, other than the Issue Date and Purchase Price. The Notes form a part of the same series as those outstanding Notes and will have the same ISIN, WKN, Valoren and CUSIP number as, and upon closing will trade interchangeably with, the other outstanding Notes in the series. Upon completion of this offering, the aggregate principal amount of outstanding Notes of this series will be \$2,900,000,000.

### **Selected Risk Considerations**

An investment in the Notes involves significant risks. These risks are explained in more detail in the “Risk Factors” section of the Product Supplement, including the risk factors discussed under the following heading:

- “Risk Factors-Risks Relating To All Notes.”

In addition to the risks described above, you should consider the following:

***The Notes are subject to a fixed interest rate which will limit your return.*** The interest payments on the Notes and return of only the principal amount at maturity may not compensate you for the effects of inflation and other factors relating to the value of money over time. The effective yield to maturity of the Notes may be less than that which would be payable on other types of investments.

***Illiquidity of the Secondary Market.*** The Notes are most suitable for purchase and holding until the Maturity Date. The Notes will be new securities for which currently there is no trading market. The Issuer does not intend to apply for listing of the Notes on any securities exchange, for inclusion in any automated quotation system. The Issuer cannot assure you whether there will be a secondary market in the Notes or, if there were to be such a secondary market, that it would be liquid. If the secondary market for the Notes is limited, there may be few or no buyers when you decide to sell your Notes if you do not wish to hold your investment until maturity. This may affect the amount received by you, if any. BNPP Securities has advised the Issuer that it or one or more of its affiliates intends to make a market in the Notes, but that neither it nor its affiliates are obligated to do so. If BNPP Securities or one or more of its affiliates makes a market in the Notes, it may discontinue any such market-making activities at any time without notice. BNPP Securities or one or more of its affiliates reserves the right from time to time to enter into agreements with one or more holders of Notes to provide a market for the Notes but is not obligated to do so or to make any market for the Notes.

***Investment Is Subject To Issuer’s Own Credit Risk, Its Credit Ratings And Credit Spreads May Adversely Affect The Market Value Of The Notes.*** Investors are dependent on the Issuer’s ability to pay all amounts due on the Notes on interest payment dates and at maturity, and, therefore, investors are subject to the Issuer’s own credit risk and to changes in the market’s view of the Issuer’s creditworthiness. Any decline in its

credit ratings or increase in credit spreads charged by the market for taking the Issuer's credit risk is likely to adversely affect the value of the Notes.

***The Notes and the Guarantee Are Not Registered Securities.*** The Notes and the Guarantee are not registered under the Securities Act or under any state securities laws and are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of the offering circular or this Pricing Supplement.

***Potential Conflicts.*** The Issuer, BNPP Securities and their respective affiliates play a variety of roles in connection with the issuance of the Notes, including acting as calculation agent and hedging their obligations under the Notes. In performing these duties, the economic interests of the calculation agent and other affiliates of the Issuer or BNPP Securities, respectively, are potentially adverse to your interests as an investor in the Notes.

***Holdings of the notes by affiliates of the Issuer and future sales may affect the price of the notes.*** Certain affiliates of the Issuer may purchase some of the notes for investment. Circumstances may occur in which the interests of the Issuer or those of its affiliates may be in conflict with your interests. In addition, if a substantial portion of the notes held by affiliates of the Issuer were to be offered for sale in the secondary market, if any, following such an offering, the market price of the notes may fall. The negative effect of such sales on the prices of the notes could be more pronounced if secondary trading in the notes is limited or illiquid.

***Your investment in the notes is not insured by the FDIC.*** The notes are not insured by the Federal Deposit Insurance Corporation.

***Prior to maturity, the value of the Notes will be influenced by many unpredictable factors.*** Many economic and market factors will influence the value of the notes. The value of the notes will be affected by a number of other factors that may either offset or magnify each other, including:

- the time remaining to maturity of the notes;
- supply and demand for the notes;
- the highest individual federal income tax rate, and expectations concerning the highest individual federal income tax rate;
- interest and yield rates in the market generally and the volatility of those rates;
- economic, financial, political and regulatory or judicial events that affect interest rates generally; and
- the creditworthiness of the Issuer, including actual or anticipated changes in the Issuer's credit ratings, financial condition or results of operations.

***You must rely on your own evaluation of the merits of an investment in the Notes.*** In connection with your purchase of the Notes, we urge you to consult your own financial, tax and legal advisors as to the risk involved in an investment in the Notes and not rely on our reviews in any respects. You should make a complete investigation as to the merits of an investment in the Notes.

#### **Certain United States Income Tax Considerations.**

You should carefully consider, among other things, the matters set forth in "Taxation" in the Base Prospectus. The following discussion summarizes certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of the Notes. The Notes should be treated as not having been issued with OID for U.S. federal income tax purposes. Accordingly, United States holders should assume that they will be required to report payments of interest on the Notes as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States holder's method of tax accounting). Investors should consult their own tax advisors to determine the tax consequences to them of holding Notes. You should carefully consider, among other things, the matters set forth in "Taxation—United States Federal Income Taxation—United States Holders— Consequences of Notes Characterized as Debt" and "Taxation—United States

Federal Income Taxation—United States Holders— Consequences of Notes Characterized as Debt—Premium and Market Discount” in the Base Prospectus.

Persons holding Notes who are not United States holders will be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of withholding tax, information reporting requirements and backup withholding tax.

United States Internal Revenue Service (the “IRS”) Circular 230 Notice: To ensure compliance with IRS Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Pricing Supplement or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.



## Product Supplement

to the Prospectus Supplement dated June 07, 2011 and Base Prospectus dated May 30, 2008

BNP Paribas, a French incorporated company (*société anonyme*) (the “Bank” and, together with its consolidated subsidiaries, the “Group” or “BNP Paribas Group”) and BNP Paribas US Medium-Term Note Program LLC, a Delaware limited liability company (the “LLC” and, together with the Bank, the “Issuers” and each an “Issuer”) and a wholly owned subsidiary of the Bank may offer notes from time to time (the “Notes”) in one or more series (each, a “Series”). The specific terms of each Series of Notes will be set forth in a Supplement, term sheet and/or a pricing supplement, product supplement or other offering documents (each, a “Supplement”).

The Issuer may from time to time offer and sell Notes linked to various types of Underlying Assets. This Product Supplement describes some of the potential payout profile and Underlying Assets to which the Notes may be linked. We will give you the specific terms of the Notes we are offering in a Supplement. You should read this Product Supplement, the prospectus supplement dated June 07, 2011 and base prospectus dated May 30, 2008 (the prospectus supplement and base prospectus, the “Base Prospectus”), and the applicable Supplements, if any, carefully before investing. If the terms described in this Product Supplement are different or inconsistent with those described in the Base Prospectus, the terms described in the Product Supplement will supersede. If the terms described in the applicable Supplement are different or inconsistent with those described herein or in the Base Prospectus, the terms described in the applicable Supplement will supersede.

**Principal Protection** The applicable Supplement will specify whether your principal investment in the Notes is fully protected, partially protected, contingently protected or not protected.

**Principal Payment at Maturity** If you hold your Notes to maturity, for each Note you may receive: (i) a cash payment; (ii) physical delivery of an Underlying Asset(s); and/or (iii) a payment as specified in the applicable Supplement.

**Coupon and Coupon Payments** Unless otherwise specified in the applicable Supplement, the Notes will not have any Coupon Payments. The applicable Supplement may specify whether the Notes have a coupon based on: (i) one or more Underlying Assets, (ii) a fixed amount or rate, (iii) movements in the level, value or price or other events relating to one or more Underlying Assets, and/or (iv) a basket or combination of the foregoing.

**Underlying Asset** The principal, coupon or any other amounts payable on the Notes may be based on measures, formula or instruments, including the occurrence or non-occurrence of any event or circumstance, or baskets comprised of any instruments or measures on one or more of the following or on movements in the level, value or price or other events relating to one or more of the following: indices of equity securities, equity securities, indices of commodities, commodities, indices of foreign currencies, foreign currencies, indices of interest rates, interest rates, indices of consumer prices, consumer prices, indices of hedge funds, or fund of funds, hedge fund or fund of fund interests, or other asset classes. To the extent that amounts payable on the Notes are based on a different Underlying Asset, the terms of the applicable Supplement will describe that Underlying Asset.

**Maturity Date** The applicable Supplement will specify the Maturity Date.

**Denominations** Unless otherwise specified in the applicable Supplement, the Notes will be issued in denominations of \$1,000 (or the specified currency equivalent), and multiples of \$1,000 (or the specified currency equivalent) thereafter.

**Redemption, Repayment, Repurchase or Exchange** Terms of specific Notes may permit or require redemption for cash or one or more Underlying Assets at the option of the Issuer, Holder, or both. The Notes may permit or require repayment or repurchase at the option of the Issuer, Holder, or both. The Notes may be optionally or mandatorily exchangeable for cash or one or more Underlying Assets.

**Ranking** The Notes constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu*, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except those obligations as are preferred by operation of law.

**Listing** Unless otherwise specified in the applicable Supplement, the Notes will not be listed on any U.S. securities exchange or quotation system.

**Guarantee** The Notes will be entitled to the benefit of an unconditional senior guarantee (the “Senior Guarantee”) or subordinated guarantee (the “Subordinated Guarantee”) and, together with the Senior Guarantee, the “Guarantees”), as the case may be, of the due payment thereof issued by the Bank, acting through its New York Branch (the “New York Branch” or “Branch”, in such capacity, the “Guarantor”).

**See “Risk Factors” beginning on page 1 of this Product Supplement for risks relating to an investment in the Notes.**

**Neither the Securities and Exchange Commission nor any state securities commission, the New York Superintendent of Banks or other governmental authority has approved or disapproved of these securities or determined that this Product Supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**The Notes and the guarantee are not deposit liabilities of the Issuer or the New York branch and are not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency of the United States, France or any other jurisdiction.**

**June 14, 2011**

## TABLE OF CONTENTS

Risk Factors .....	1
Risks Relating to All Notes.....	1
Additional Risks Relating to Notes with Underlying Assets That Are Equity Securities or Interests in Exchange-Traded Funds, That Contain Equity Securities or That Are Based in Part on Equity Securities or Interests in Exchange-Traded Funds.....	7
Additional Risks Relating to Notes with Underlying Assets That Are Commodities, an Index Containing Commodities or Based in Part on Commodities .....	9
Additional Risks Relating to Notes with Underlying Assets that are Currencies, an Index Containing Currencies or Based in Part on Currencies.....	12
Additional Risks Relating to Notes with an Underlying Asset That Are a Floating Interest Rate, an Index Containing Floating Interest Rates or Based in Part on a Floating Interest Rate .....	13
Additional Risks Relating to Notes Which Pay No Coupon.....	13
Additional Risks Relating to Notes with Underlying Assets that are Hedge Fund or Fund of Funds Interests, Indices of Hedge Funds or Fund of Funds, or Based in Part on Hedge Funds or Fund of Funds Interest, Indices of Hedge Funds or Fund of Funds .....	14
Additional Risks Relating to Notes with Underlying Assets that are BNP Paribas Proprietary Indices or that are Based in Part on BNP Paribas Proprietary Indices.....	19
Risks associated with real estate investment trusts may affect the value of the Notes.....	23
Additional Risks Relating to Notes Which Are Not Fully Principal Protected or Are Contingently Protected .....	24
Additional Risks Relating to Notes with a Maximum Return, Maximum Rate, Ceiling or Cap.....	24
Additional Risks Relating to Notes with a Barrier Percentage or a Barrier Level .....	24
Additional Risks Relating to Notes Which Contain a Multiplier.....	25
Additional Risks Relating to Absolute Performance Notes.....	25
Additional Risks Relating to Notes Which We May Call or Redeem (Automatically or Otherwise).....	25
Additional Risks Relating to Notes with More Than One Underlying Asset (a “Basket”).....	26
Additional Risks Relating to Notes with More Than One Underlying Asset, Where the Performance of the Note Is Linked to the Performance of Only One Underlying Asset .....	27
Additional Risks Relating to Digital Notes .....	27
Additional Risks Relating to Notes Payable in a Currency other than U.S. Dollars .....	27
Program Credit Rating .....	29
Description of Medium-Term Notes .....	29
Terms of the Notes .....	32
Coupon Mechanics.....	36
Certain Features of the Notes .....	38
Underlying Assets.....	47
Fixed Income .....	47
Market Disruption Events Relating to Notes with a Floating Interest Rate as the Underlying Asset.....	61
Securities or Linked Shares.....	61
Share Adjustments Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset—Antidilution Adjustments .....	62
Adjustments Relating to Notes with an Equity Security.....	62
Adjustments Relating to Notes with Interests in Exchange Traded Funds .....	67
Market Disruption Events Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset.....	70
Indices.....	71
Market Disruption Events for Notes with the Underlying Asset Comprised of an Index or Indices.....	72
Adjustments Relating to Notes with the Underlying Asset Comprised of an Index.....	73
Commodities.....	74
Market Disruption Events Relating to Notes with a Commodity as the Underlying Asset .....	76
Currency Exchange Rates .....	78
Market Disruption Events Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates .....	82
Adjustments Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates .....	83
Baskets.....	84
Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof.....	84
Adjustments Relating to Notes with the Underlying Asset Comprised of a Basket.....	84

In this Product Supplement, unless the context otherwise requires, the “Issuer”, “we”, “us” and “our” mean the respective Issuer. In making your investment decision, you should read the Supplement(s), this Product Supplement and the Base Prospectus, including the documents incorporated by reference therein. No assurance can be given by us, BNP Paribas Securities Corp. (“BNPP Securities”), or the Branch as to the accuracy or completeness of such information. In making an investment decision, investors must rely on their own examinations of us, BNPP Securities, the

Branch and the terms of any offering, including the merits and risks involved. We, BNPP Securities and the Branch have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. You should not assume that the information included in any Supplement, this Product Supplement and the accompanying Base Prospectus or in any document incorporated by reference is accurate as of any date other than the respective dates of those documents.

This Product Supplement, Base Prospectus and any accompanying Supplement do not constitute an offer to sell, or a solicitation of an offer to buy, Notes in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. The distribution of this Product Supplement, Base Prospectus and any Supplement and the offering of the Notes in certain jurisdictions may be restricted by law. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Product Supplement, Base Prospectus and any Supplement and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. Neither we, nor BNPP Securities, the Branch or any of our respective members, directors, officers and affiliates has any responsibility therefor. For a further description of certain restrictions on the offering, sale and resale of the Notes, see “ERISA Matters”, “Plan of Distribution”, and “Notice to Investors” in the Base Prospectus.

Generally, the Notes may be purchased by or transferred to (i) any employee benefit or other plan, program or arrangement subject to the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the US Internal Revenue Code of 1986, as amended (the “Code”), or (ii) any person acting on behalf of or using the assets of any such plan, program or arrangement, subject to conditions described in “ERISA Matters” in the Base Prospectus.

Each purchaser of the Notes will be deemed by its acceptance of the Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of those Notes as set forth in the Notes or described in any Supplement, this Product Supplement, or Base Prospectus. See “ERISA Matters” and “Notice to Investors” in the Base Prospectus.

Notwithstanding anything to the contrary contained herein, all persons may disclose to any and all persons, without limitation of any kind, the federal, state and local tax treatment of the Notes, any fact relevant to understanding the federal, state and local tax treatment of the Notes and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and that may be relevant to understanding such tax treatment. However, no person may disclose the name of or identifying information with respect to any party identified herein or any pricing terms or other nonpublic business or financial information that is unrelated to the purported or claimed federal, state or local tax treatment of the Notes and is not relevant to understanding the purported or claimed federal, state or local tax treatment of the Notes.

Neither we nor BNPP Securities, the Branch or any of our respective members, directors, officers or affiliates are making any representation to any prospective investor or purchaser of the Notes regarding the legality of the investment therein by such prospective investor or purchaser under applicable legal, investment or similar laws or regulations. The contents of this Product Supplement and any Supplement are not to be construed as legal, business, accounting or tax advice. Each prospective investor or purchaser is urged to consult its own attorney, business, accounting or tax advisor for legal, business, accounting or tax advice.

To ensure compliance with United States Internal Revenue Service (the “IRS”) Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Product Supplement or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

## **RISK FACTORS**

*You should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration with your advisors of the suitability of the Notes in light of your particular circumstances, financial and otherwise, the following risk factors and the other information included or incorporated by reference in the applicable Supplement and this Product Supplement. Please note that this Risk Factors section has various subsections addressing risk factors relating to specific types of Underlying Assets and transaction structures. We have no control over a number of matters, including economic, financial, regulatory, geographic, judicial and political events, that are important in determining the existence, magnitude, and longevity of these risks and their influence on the value of, or the payments made on, the Notes. You should not purchase the Notes unless you understand and can bear these investment risks.*

### **RISKS RELATING TO ALL NOTES**

#### **The Notes are intended to be held to maturity.**

You may receive less, and potentially significantly less, than the amount you originally invested if you sell your Notes prior to maturity. You should be willing and able to hold your Notes until maturity.

#### **The Notes and the Guarantee are not registered securities.**

The Notes and the Guarantee are not registered under the Securities Act or under any state securities laws but are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved of the Notes or the Guarantees, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Product Supplement or any applicable Supplement.

#### **The Notes will not be listed on any securities exchange and there may not be any secondary market.**

The Notes will not be listed on any securities exchange, and upon issuance, the Notes will not have an established trading market. We cannot assure you that a trading market for the Notes will develop or, if one develops, that it will be maintained. Even if there is a secondary market, it may not provide liquidity. While we anticipate that our affiliate BNPP Securities may make a market for the Notes, it is not required to do so. Since the Notes will not be listed on any securities exchange, if BNPP Securities were to cease acting as a market maker, it is likely that there would be no secondary market for the Notes. You therefore must be willing and able to hold the Notes until maturity.

#### **Price or other movements in Underlying Assets and their components are unpredictable.**

Movements in the level, value or price of the Underlying Assets or their respective components are unpredictable and may be volatile, and are influenced by complex and interrelated political, economic, financial, regulatory, geographic, judicial and other factors. As a result, it is impossible to predict whether their levels, values or prices will rise or fall during the term of the Notes. Changes in the levels, values or prices will determine the amount of interest, payments at maturity, or other amounts payable on your Notes. Therefore these changes may result in a loss of principal or the receipt of little or no interest or other payments on your Notes. As the Notes are linked to Underlying Assets that may be unpredictable and volatile, we cannot guarantee that these changes will be beneficial to you, and therefore you may receive less than the amount you initially invested in the Notes, may not receive any interest on the Notes or may experience other losses in connection with your investment in the Notes.

#### **The historical or hypothetical performance of the Underlying Asset is not an indication of future performance.**

The historical or hypothetical performance of the Underlying Assets, which may be included in the applicable Supplement, should not be taken as an indication of the future performance of the Underlying Asset. It is impossible to predict whether the level, value or price of the Underlying Asset will fall or rise during the term of the Notes.



Past fluctuations and trends in the Underlying Assets are not necessarily indicative of fluctuations or trends that may occur in the future.

**You must rely on your own evaluation of the merits of an investment in the Notes.**

In connection with your purchase of the Notes, we urge you to consult your own financial, tax and legal advisors as to the risks involved in an investment in the Notes and to investigate the Underlying Asset and not rely on our views in any respect. You should make a complete investigation as to the merits of an investment in the Notes.

**The price at which you will be able to sell your Notes prior to maturity will depend on a number of factors, and may be substantially less than the amount you had originally invested.**

If you wish to liquidate your investment in the Notes prior to maturity, your only alternative, in the absence of any repayment at option of the holder provisions, would be to sell it. At that time, there may be an illiquid market for Notes or no market at all. Even if you were able to sell your Notes, there are many factors outside of our control that may affect their market value. We believe that the market value of your Notes will be affected by the volatility of the Underlying Asset, the level, value or price of the Underlying Asset at the time of the sale, changes in interest rates, the supply and demand of the Notes and a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The price, if any, at which you will be able to sell your Notes prior to maturity may be substantially less than the amount you originally invested depending upon, the level, value or price of the Underlying Asset at the time of the sale. The following paragraphs describe the manner in which we expect the market value of the Notes to be affected in the event of a change in a specific factor, assuming all other conditions remain constant.

*Underlying Asset performance.* We expect that the market value of the Notes prior to maturity will depend on the current level (or in some cases, performance from the date on which the Notes price) of the Underlying Asset relative to its Initial Level, value or price. If you decide to sell your Notes prior to maturity when the current level, price or value of the Underlying Asset at the time of sale is favorable relative to its Initial Level, value or price, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that level, value or price because of expectations that the level, value or price will continue to fluctuate until the Final Level, value or price is determined.

*Volatility of the Underlying Asset.* Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Underlying Assets or their components increases or decreases, the market value of the Notes may be adversely affected.

*Interest rates.* We expect that the market value of the Notes will be affected by changes in interest rates. Interest rates also may affect the economy and, in turn, the value of the components of the Underlying Asset, which would affect the market value of the Notes.

*Supply and demand for the Notes.* We expect that the market value of the Notes will be affected by the supply of and demand for the Notes. In general, if the supply of the Notes decreases and/or the demand in the Notes increases, the market value of the Notes may increase. Alternatively, if the supply of the Notes increases and/or the demand in the Notes decreases, the market value of the Notes may be adversely affected. The supply of the Notes, and therefore the market value of the Notes, may be affected by inventory positions held by BNPP Securities or any market maker.

*Redemption/call rights.* Either your right to redeem the Notes or our right to call the Notes may affect the market value of the Notes. Generally, the grant of a redemption right to noteholders may enhance the market value of the Notes while a call right by us may adversely affect the market value of the Notes.

*Our credit ratings, financial condition and results of operations.* Actual or anticipated changes in our current credit ratings, as well as our financial condition or results of operations may significantly affect the market value of the Notes. However, because the return on the Notes is dependent upon factors in addition to our ability to pay our obligations under the Notes (such as the current level, value or price of the Underlying Asset), an improvement in our credit ratings, financial condition or results of operations is not expected to have a

positive effect on the market value of the Notes. These credit ratings relate only to our creditworthiness, do not affect or enhance the performance of the Notes and are not indicative of the risks associated with the Notes or an investment in the Underlying Asset. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

*Time remaining to maturity.* A “time premium” results from expectations concerning the level, value or price of the Underlying Asset during the period prior to the maturity of the Notes. As the time remaining to the maturity of the Notes decreases, this time premium will likely decrease, potentially adversely affecting the market value of the Notes. As the time remaining to maturity decreases, the market value of the Notes may be less sensitive to the volatility in the components of the Underlying Asset.

*Events affecting or involving the Underlying Asset.* Economic, financial, regulatory, geographic, judicial, political and other developments that affect the level, value or price of the Underlying Assets and their components, and real or anticipated changes in those factors, also may affect the market value of the Notes. For example, for Underlying Assets composed of equity securities, earnings results of a component of the Underlying Asset, and real or anticipated changes in those conditions or results, may affect the market value of the Notes.

*Agent’s commission and cost of hedging.* The initial public offering price of the Notes includes the agent’s commission or discount, if any, and the cost of hedging our obligations under the Notes. These costs may include our or our affiliates’ expected cost of providing that hedge and the profit we expect to realize in consideration for assuming the risks inherent in providing that hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, in secondary market transactions will likely be lower than the original issue price, and could result in a substantial loss to you.

The effect of one of the factors specified above may offset some or all of any change in the market value of the Notes attributable to another factor.

**The Notes are not insured against loss by any third parties.**

The Notes will be solely our obligations, and no other entity will have any obligation, contingent or otherwise, to make any payments in respect of the Notes.

**The Notes are not insured by the FDIC.**

The Notes are not deposit liabilities of BNP Paribas and neither the Notes nor your investment in the Notes are insured by the FDIC or any other governmental agency of the United States, France or any other jurisdiction.

**There are no security interests in the Notes or other financial instruments held by BNP Paribas.**

There are no restrictions on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any portion of the securities or other instruments acquired by us or our affiliates. Neither we nor any of our affiliates will pledge or otherwise hold those securities or other instruments for the benefit of holders of the Notes. Consequently, in the event of a bankruptcy, insolvency or liquidation involving us, any of those securities or instruments that we own will be subject to the claims of our creditors generally and will not be available specifically for the benefit of the holders of the Notes. The principal, coupon or any other amounts payable on the Notes constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu*, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except those obligations as are preferred by operation of law.

**Reported levels, values and prices of Underlying Assets and their components may be based on non-current information.**

If trading is interrupted in the Underlying Assets or any of their components, publicly available information regarding the level, value or price of the Underlying Asset may be based on the last reported levels, values or prices.

As a result, publicly available information regarding reported levels, values or prices of the Underlying Assets or their components may at times be based on non-current information.

**The Underlying Assets or their components may trade around-the-clock; however, if a secondary market develops, the Notes may trade only during regular trading hours in the United States.**

If the market for the Underlying Assets or their components is a global, around-the-clock market, the hours of trading for the Notes may not conform to the hours during which the Underlying Assets or their components are traded. To the extent that U.S. markets are closed while international markets remain open, significant movements may take place in the levels, values or prices of the Underlying Assets or their components that will not be reflected immediately in the price of the Notes. There may not be any systematic reporting of last-sale or similar information for the Underlying Assets or their components. The absence of last-sale or similar information and the limited availability of quotations would make it difficult for many investors to obtain timely, accurate data about the state of the market for the Underlying Assets or their components.

**The Calculation Agent may postpone the determination of the amount you receive during the term of the Notes or at maturity if a Market Disruption Event occurs.**

In some cases, the Notes may be linked to a Underlying Asset where a Valuation Date, Observation Date or Averaging Date, as applicable, (collectively referred to herein as a “Valuation Date”, and which is described in “Certain Features of the Notes—Valuation Dates, Observation Dates or Averaging Dates” below) may be postponed if the Calculation Agent determines that a Market Disruption Event (described in “Underlying Assets” below) has occurred or is continuing on that Valuation Date. If that type of postponement occurs, the Calculation Agent will determine the Closing Level, value, price or other amount with respect to that Valuation Date on the first succeeding Business Day on which no Market Disruption Event occurs or is continuing, *provided* that the Valuation Date will not be postponed by more than five Business Days. You will not be entitled to compensation from us or the Calculation Agent for any loss suffered as a result of the occurrence of a Market Disruption Event, any resulting delay in payment or any change in the level, value or price of the Underlying Asset after the originally scheduled Valuation Date.

**The material U.S. federal income tax consequences of an investment in some types of Notes are uncertain.**

There is no direct legal authority as to the proper tax treatment of some types of Notes, and therefore significant aspects of the tax treatment of some types of Notes are uncertain, as to both the timing and character of any inclusion in income in respect of your Note. The applicable Supplement will provide further information as to the tax treatment of your Notes. We urge you to consult your tax advisor as to the tax consequences of your investment in a Note. For a more complete discussion of the U.S. federal income tax consequences of your investment in a Note, please see the discussion under “Certain U.S. Federal Income Tax Considerations”.

**The Calculation Agent could be one of our affiliates, which could result in a conflict of interest.**

The Calculation Agent will make determinations and judgments in connection with valuing the Underlying Asset and calculating adjustments to the Underlying Asset, dates, prices, or any other affected variable when the Underlying Asset is changed or modified as well as determining whether a Market Disruption Event has occurred. You should refer to “Description of Medium—Term Notes—Calculations and Calculation Agent”. Because the Calculation Agent could be our affiliate, conflicts of interest may arise in connection with the Calculation Agent performing its role as Calculation Agent.

**Trading and other transactions by us or our affiliates could affect the level, value or price of Underlying Assets and their components, the market value of the Notes or the amount of coupon, principal or other amounts payable on your Notes.**

In connection with our normal business practices or in connection with hedging our obligations under the Notes, we and our affiliates may from time to time buy or sell the Underlying Assets and their components, or similar instruments, or derivative instruments relating to the Underlying Assets or their components. These trading activities may present a conflict of interest between your interest in the Notes and the interests we and our affiliates

may have in our proprietary accounts, in facilitating transactions, including block trades, for our other customers and in accounts under our management. These trading activities also could affect the level, value or price of the Underlying Assets in a manner that would decrease the market value of the Notes prior to maturity or the amount you would receive at maturity. To the extent that we or any of our affiliates have a hedge position in the Underlying Assets or its components, or in a derivative or synthetic instrument related to the Underlying Assets or its components, we or any of our affiliates may increase or liquidate a portion of those holdings at any time before, during or after the term of the Notes. This activity may affect the amount payable at maturity or any calculation of the market value of the Notes in a manner that would be adverse to your investment in the Notes. Depending on, among other things, future market conditions, the aggregate amount and the composition of those hedge positions are likely to vary over time. In addition, we or any of our affiliates may purchase or otherwise acquire a long or short position in the Notes. We or any of our affiliates may hold or resell any such position in the Notes.

**Research reports and other transactions may create conflicts of interest between you and us.**

We or one or more of our affiliates may have published, and may in the future publish, research reports relating to the Underlying Assets or any of its components. The views expressed in this research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the level, value or price of the Underlying Assets or their components and, therefore, the market value of the Notes. Moreover, other professionals who deal in these markets may at any time have views that differ significantly from ours. In connection with your purchase of the Notes, you should investigate the Underlying Asset and not rely on our views with respect to future movements in the Underlying Assets and their components.

We or any of our affiliates also may issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the Underlying Asset. By introducing competing products into the marketplace in this manner, we or our affiliates could adversely affect the market value of the Notes.

We and our affiliates, at present or in the future, may engage in business relating to the person or organization responsible for calculating, publishing or maintaining the Underlying Assets, which we refer to as the “Sponsor” of the Underlying Asset. In addition, we or our affiliates may engage in business relating to any components of the Underlying Assets, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to the respective Sponsor or issuer. In connection with these activities, we may receive information pertinent to the Underlying Assets or their components that we will not divulge to you.

**We cannot control actions by the Sponsors or issuers of the Underlying Asset.**

Actions by any Sponsor or issuer of the Underlying Asset may have an adverse effect on the price of the Underlying Asset and therefore on the market value of the Notes. No Sponsor or issuer will be involved with the administration, marketing or trading of the Notes and no Sponsor will have any obligations with respect to the amounts to be paid to you on any Coupon Payment Date or on the Maturity Date, or to consider your interests as an owner of Notes when it takes any actions that might affect the market value of the Notes. No Sponsor will receive any of the proceeds of any Note offering and no Sponsor or issuer will be responsible for, or have participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued.

Unless otherwise specified in the applicable Supplement, we will not be affiliated with any Sponsor or issuer of the Underlying Assets (except for the licensing arrangements, if any, discussed in the applicable Supplement), and we have no ability to control or predict their actions. These actions could include mergers or tender offers in the case of Underlying Assets consisting of securities or errors in information disclosed by a Sponsor of an index or an issuer of an equity security or any discontinuance by them of that disclosure. However, we may currently, or in the future, engage in business with the Sponsors or issuers. Neither we, nor any of our affiliates, including the agent, assumes any responsibility for the adequacy or accuracy of any publicly available information about the Sponsor or issuer of the Underlying Assets, whether the information is contained in any Supplement or otherwise. You should make your own investigation into the Underlying Assets and its Sponsors or issuers.

**No research recommendation on your Notes.**

Although BNP Paribas or one or more of our affiliates may publish research on, or assign a research recommendation to, other financial products linked to the performance of any of the Underlying Assets, neither BNP Paribas nor any of its subsidiaries or affiliates publishes research on, or assigns a research recommendation to, your Notes.

**You have no recourse to the Sponsor or issuer of the Underlying Asset or any components of the Underlying Asset.**

Your investment in the Notes will not give you any rights against any Sponsor or any issuer of the Underlying Assets or any components of the Underlying Assets, including any Sponsor that may determine or publish the level, value or price of the Underlying Assets and any issuer that may otherwise affect the level, value or price of the Underlying Assets.

**Changes in methodology of the Sponsor of certain Underlying Assets or changes in laws or regulations, may affect the value of and payment of principal, coupon or other amounts payable on your Notes.**

The Sponsors of Underlying Assets may have the ability from time to time to change any rule or bylaw or take emergency action under its rules, any of which could affect the level, value or price of the Underlying Asset or a component of the Underlying Asset. Any change of that kind which causes a change in the level, value or price could adversely affect the market value of the Notes.

In addition, levels, values or prices of the Underlying Asset could be adversely affected by the promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those relating to taxes and duties on any Underlying Asset) by one or more governments, governmental agencies or instrumentalities, courts or other official bodies. Any of these events could adversely affect the level, value or price of the Underlying Asset and, correspondingly, could adversely affect the market value of the Notes.

**Any of the indices comprising the Underlying Assets may be discontinued; the manner in which the Underlying Assets are calculated may change in the future and the instruments comprising the components of the indices, or their respective weights, may change.**

There can be no assurances that the Underlying Assets will continue or the method by which the Underlying Assets are calculated will remain unchanged. Changes in the method in which the Underlying Assets are calculated could reduce the level of the Underlying Asset and, as a consequence, adversely affect the amount of principal, coupon, or any other amounts payable on your Notes or the market value of your Notes. In addition, if the Underlying Asset is discontinued or altered, a substitute index may be employed to calculate the amount of principal, coupon or any other amounts payable on your Notes. This substitution may adversely affect the market value of the Notes.

Further, the Sponsor of Underlying Assets that are indices can add, delete or substitute the instruments comprising the components of the Underlying Asset or make other methodological changes that could adversely change the level of the Underlying Asset and, therefore, the market value of the Notes. You should realize that changes in the components of the Underlying Asset may affect the Underlying Asset, as a newly added instrument or instruments may perform significantly better or worse than the instrument or instruments it replaces. We have no control over the way the Underlying Assets are calculated by the Sponsor.

**Any discontinuance or suspension of calculation or publication of the Closing Levels or prices of the Underlying Asset may adversely affect the market value of the Notes and the amount you will receive at maturity.**

If the calculation or publication of the Closing Levels or prices of the Underlying Asset is discontinued or suspended, it may become difficult to determine the market value of the Notes or, if the discontinuance or suspension is continuing on a Valuation Date, the level or price for that respective date and the amount of coupon or other payment amounts determined on such date. If the discontinuance or suspension is continuing on the Final Valuation Date, Final Observation Date or Final Averaging Date (collectively referred to herein as the "Final

Valuation Date” and described under “Certain Features of the Notes—Final Valuation Date, Final Observation Date or Final Averaging Date” below), it may become difficult to determine the amount of coupon, payments at maturity or other amounts payable at maturity.

**ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS THAT ARE EQUITY SECURITIES OR INTERESTS IN EXCHANGE-TRADED FUNDS, THAT CONTAIN EQUITY SECURITIES OR THAT ARE BASED IN PART ON EQUITY SECURITIES OR INTERESTS IN EXCHANGE-TRADED FUNDS**

**Equity market risks may affect the market value of the Notes and the amount you will receive at maturity.**

If the Underlying Asset is an index that includes one or more equity securities, we expect that the Underlying Asset will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of its component stocks, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the components of the Underlying Asset may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level of the Underlying Asset and thus in the market value of the Notes. Common stocks are susceptible to general equity market fluctuations and to volatile increases and decreases in value, as market confidence in and perceptions regarding the security or securities comprising an Underlying Asset change. Investor perceptions regarding the issuer of a security comprising an Underlying Asset are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

**Antidilution protection is limited.**

The Calculation Agent will make adjustments to the Initial Price or replace the Underlying Asset for certain Adjustment Events affecting the Underlying Asset, including stock splits and certain corporate actions, such as mergers. However, the Calculation Agent is not required to make such adjustments in response to all corporate actions, including if the Underlying Asset issuer or another party makes a partial tender or partial exchange offer for the Underlying Asset. If such a dilution event occurs and the Calculation Agent is not required to make an adjustment, the value of the Notes may be materially and adversely affected. See “Underlying Assets—Securities or Linked Shares—Share Adjustments Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset—Antidilution Adjustments” for further information.

**You have no rights in the property, nor shareholder rights in any securities of any issuer, of the security or securities comprising the Underlying Asset.**

Investing in the Notes will not make you a holder of the security or securities comprising the Underlying Asset. Neither you nor any other holder or owner of the Notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any property or securities of any issuer or issuers of the security or securities comprising the Underlying Asset.

**Payments on the Notes will not reflect dividends on any of the securities underlying the Underlying Asset.**

Payments at maturity do not reflect the payment of dividends on any of the equity securities underlying the Underlying Asset. Therefore, the yield derived from an investment in the Notes will not be the same as if you had purchased the equity securities underlying the Underlying Asset and held them for a similar period.

**We obtained the information about the Sponsor or issuer of the Underlying Asset from public filings.**

We have derived all information in the applicable Supplement about the Sponsor or issuer of the Underlying Asset from publicly available documents. We have not participated and will not participate in the preparation of any of those documents. Nor have we made or will we make any “due diligence” investigation or any inquiry with respect to the Sponsor or issuer of the Underlying Asset in connection with the offering of the Notes. We do not make any representation that any publicly available document or any other publicly available information about the Sponsor or issuer of the Underlying Asset is accurate or complete. Furthermore, we do not know whether all events occurring before the date of the applicable Supplement including events that would affect the accuracy or completeness of the

publicly available documents referred to above or the level, value or price of the Underlying Asset, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the Sponsor or issuer of Underlying Asset could affect the value you will receive during the term of the Notes or at maturity and, therefore, the market value of the Notes.

**Any of the issuers of the securities comprising the Underlying Assets may perform an action that could adversely affect the market value of the Notes.**

The Calculation Agent may adjust any date, price (including but not limited to the Initial Price, Final Price, Barrier Price and Strike Price), Barrier Percentage, Physical Delivery Amount, any combination thereof or any other variable for stock splits, mergers, tender offers, reverse stock splits, stock dividends, extraordinary dividends and other corporate events that affect capital structure of the issuer of the equity security comprising the Underlying Asset, as well as for certain actions taken by any depository for the Underlying Asset (*e.g.*, American depository shares) that affect the Underlying Asset in the situations and in the manner described in “Underlying Assets—Securities or Linked Shares—Share Adjustments Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset—Antidilution Adjustments”. However, the Calculation Agent is not required to make an adjustment for every corporate event that may affect the Underlying Asset or any component of the Underlying Asset. Any of the above events or other actions by the issuer of the Underlying Asset or a third party may adversely affect the market value of the Underlying Asset and, therefore, adversely affect the market value of the Notes.

**Underlying Assets or their components traded in an international market may be subject to additional risk.**

The levels, values, prices and performance of Underlying Assets and their components traded in international markets may be affected by political, economic, financial and social factors in the relevant international market. In addition, recent or future changes in that country’s government, economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could adversely affect the international securities markets. Moreover, the relevant international economy may differ favorably or unfavorably from that of the United States.

**Time differences between the domestic and international markets and New York City may create discrepancies in the market value of the Notes if the Underlying Assets or their components primarily trade on international markets.**

In the event that the Underlying Assets or their components trade primarily on an international market, time differences between the domestic and international markets (*e.g.*, New York City is currently 5 and 13 hours behind London and Tokyo, respectively) may result in discrepancies between the level of the Underlying Assets (or the price of their components) and the market value of the Notes. To the extent that U.S. markets are closed while markets for the Underlying Assets or their components remain open, significant price or rate movements may take place in the Underlying Assets or their components that will not be reflected immediately in the market value of the Notes. In addition, there may be periods when the relevant international markets are closed for trading (*e.g.*, during holidays in an international country), causing the level of the Underlying Assets (or the price of their components) to remain unchanged for multiple trading days in New York City.

**Your return may be affected by factors affecting international securities markets.**

The Underlying Asset may include, as a component, securities issued by international companies and may be denominated in a foreign currency. Investors should be aware that investments in Underlying Assets linked to the value of international securities (or indices relating to those securities) might involve particular risks. The international securities comprising or relating to an Underlying Asset may have less liquidity and could be more volatile than many of the securities traded in U.S. or other longer-established securities markets. Direct or indirect government intervention to stabilize the relevant international securities markets, as well as cross shareholdings in international companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information about international companies than about those U.S. companies that are subject to the reporting requirements of the SEC; and international companies often are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. The

other special risks associated with international securities may include, but are not necessarily limited to: less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; different accounting and disclosure standards; governmental interference; higher inflation; and social, economic and political uncertainties.

These factors may adversely affect the performance of the Underlying Assets or their components and, as a result, the market value of the Notes and the amount you will receive at maturity.

**The issuer of a security that serves as an Underlying Asset could take actions that may adversely affect a Note.**

The issuer of a security that serves as the Underlying Asset or a component of an index which is the Underlying Asset for a Note will have no involvement in the offer and sale of the Note and no obligation to you. The issuer may take action, such as a merger or sale of assets, without regard to the interests of the holder. Any of these actions could adversely affect the value of that security, the Underlying Asset or a component of the Underlying Asset and, correspondingly, could adversely affect the market value of the Note.

**ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS THAT ARE COMMODITIES, AN INDEX CONTAINING COMMODITIES OR BASED IN PART ON COMMODITIES**

**Prices of commodities are highly volatile.**

Commodities prices are highly volatile and are affected by numerous factors in addition to economic activity. These include political events, weather, labor activity, direct government intervention, such as embargos, and supply disruptions in major producing or consuming regions. Those events tend to affect prices worldwide, regardless of the location of the event. Market expectations about these events and speculative activity also cause prices to fluctuate. These factors may adversely affect the performance of the Underlying Assets or their components and, as a result, the market value of the Notes and the amount you will receive at maturity.

Furthermore, as a general matter, the risk of low liquidity or volatile pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take physical delivery of the underlying commodities. Many commodities, like those in the energy and industrial metals sectors, have liquid futures contracts that expire every month. Therefore, these contracts are rolled forward every month. Contracts based on certain other commodities, most notably agricultural products, tend to have only a few contract months each year that trade with substantial liquidity. Thus, these commodities, with related futures contracts that expire infrequently, roll forward less frequently than every month, and can have further pronounced pricing volatility during extended periods of low liquidity. In respect of any futures contracts underlying the components of the Underlying Asset that may represent energy, it should be noted that due to the significant level of its continuous consumption, limited reserves, and oil cartel controls, energy commodities are subject to rapid price increases in the event of perceived or actual shortages.

**The prices of certain commodities may be subject to price ceilings.**

Certain exchanges have regulations that limit the amount of fluctuation in futures contract prices which may occur during a single Business Day. These limits are generally referred to as “daily price fluctuation limits”, and the maximum or minimum price of a futures contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price has been reached in a particular futures contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of futures contracts at disadvantageous times or prices. These circumstances could adversely affect the prices of the commodities comprising the Underlying Asset and, therefore, could adversely affect the value of the Notes.

**Suspensions or disruptions of market trading in the commodity markets and related futures markets may adversely affect the amount of principal, coupon or any other amounts payable on your Notes and/or the market value of the Notes.**

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators and potential government regulation and



intervention. In addition, some futures exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single Business Day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices which could have an adverse effect on the market value of the Notes. These factors may adversely affect the performance of the Underlying Assets or their components and, as a result, the market value of the Notes and the principal, coupon and other amounts payable on the Notes.

**Risks relating to trading of the Underlying Assets and their components on international futures exchanges.**

Certain international futures exchanges operate in a manner more closely analogous to the over-the-counter physical commodity markets than to the regulated futures markets, and certain features of U.S. futures markets are not present. For example, there may not be any daily price limits which would otherwise restrict the extent of daily fluctuations in the prices of the respective contracts. In a declining market, therefore, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days. This may adversely affect the performance of the Underlying Assets or their components and, as a result, the market value of the Notes and the principal, coupon or any other amounts payable on your Notes.

**You may not have any rights to receive the Underlying Assets or their components.**

Investing in the Notes will not make you a holder of any commodity or futures contract relating to the Underlying Assets or their components. The Notes will be paid in U.S. dollars or the specified currency stated in the applicable Supplement, and you will have no right to receive delivery of any commodity or futures contract relating to the Underlying Assets or their components.

**Lack of regulation of the Notes linked to commodities, basket of commodities or index of commodities.**

The net proceeds to be received by us from the sale of Notes relating to one or more commodities or basket (or an index thereon) will not be used to purchase or sell any commodity futures contracts or options on futures contracts for your benefit. An investment in the Notes thus does not constitute either an investment in futures contracts, options on futures contracts or in a collective investment vehicle that trades in these futures contracts (*i.e.*, the Notes will not constitute a direct or indirect investment by you in the futures contracts), and you will not benefit from the regulatory protections of the Commodity Futures Trading Commission (the “CFTC”). We are not registered with the CFTC as a futures commission merchant and you will not benefit from the CFTC’s or any other non-U.S. regulatory authority’s regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered futures commission merchant. Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be subject to regulation as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a commodity pool operator, or qualify for an exemption from the registration requirement. Because the Notes will not be interests in a commodity pool, the Notes will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a commodity pool operator, and you will not benefit from the CFTC’s or any non-U.S. regulatory authority’s regulatory protections afforded to persons who invest in regulated commodity pools.

**Commodity futures contracts are subject to legal and regulatory regimes that may change in ways that could affect our ability to hedge and could lead to the early acceleration of the Notes.**

The commodity futures contracts that may underlie the components of the Underlying Asset are subject to legal and regulatory regimes in the U.S. and, in some cases, in other countries that may change in ways that could negatively affect the value of the Underlying Asset and the Notes. For example, the U.S. House of Representatives and the U.S. Senate have considered legislation intended to decrease speculation and increase transparency in the commodities markets. If enacted, such legislation may, among other things, require the CFTC to adopt rules that would subject us to position limits on positions in commodity futures contracts. Changes to the legal or regulatory regimes applicable to the commodity futures contracts that may underlie the components of the Underlying Asset could result in a modification of any rules of the Underlying Asset, which may, in turn, have a negative effect on the level of the Underlying Asset.

In addition, upon the occurrence of legal or regulatory changes that the Calculation Agent determines have interfered with the market's ability to hedge, the Issuer may, in its sole and absolute discretion, accelerate the payment on your Notes early and pay you an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent. If the payment on your Notes is accelerated, your investment may result in a loss and you may not be able to reinvest your money in a comparable investment.

**The level of Underlying Assets or the levels, values or prices of their components can fluctuate widely due to supply and demand disruptions in major producing or consuming regions.**

The level of Underlying Assets or the prices of their components can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which the Underlying Assets rely on the markets of these developing countries. Political, economic and other developments that affect these developing countries may affect the level of the Underlying Assets or the price of their components and, thus, the market value of the Notes. Because the Underlying Assets may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the level of those Underlying Assets or the price of their components.

**Potential over-concentration in particular commodity sectors.**

The commodities underlying the futures contracts which may be included in any components of the Underlying Asset may be concentrated in a specific commodity sector. An investment in the Notes might increase your exposure to fluctuations in any of the commodity sectors associated with the Underlying Asset.

Furthermore, the Underlying Asset's methodology may impose limitations on the exposure to any of the sectors underlying the futures contracts included in any of the components of the Underlying Asset. There can be no assurance that such limitations, if any, will reduce volatility or enhance the performance of the Underlying Asset, or that the Underlying Asset would not have performed better without such limitations. In addition, it is likely that the weighting, if any, of commodity sectors comprising the Underlying Asset will shift periodically, so exposure to any sector cannot be predicated and a fixed exposure to a particular sector is unlikely.

**Prices for physical commodities upon which the futures contracts that may compose the components of the Underlying Asset are based may change unpredictably and could affect the value of the Notes in unanticipated ways.**

A decrease in the price of any of the commodities upon which the futures contracts that may compose the components of the Underlying Asset may be based may have a material adverse effect on the value of the Notes and your return on an investment in the Notes. The prices of such commodities are affected by numerous factors, including: changes in supply and demand relationships, governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, general weather conditions, and trade, fiscal, monetary and exchange control policies. Many commodities are also highly cyclical. These factors may cause the value of the different commodities upon which the futures contracts that may compose the components of the Underlying Asset may be based, as well as the futures contracts themselves, to move in inconsistent directions at inconsistent rates. This, in turn, could affect the value of the Notes, and it is not possible to predict the aggregate effect of all or any combination of these factors.

**Higher future prices of commodities that may be included in the components of the Underlying Asset relative to their current prices may lead to a decrease in the payment at maturity of the Notes.**

The components of the Underlying Asset may be composed of futures contracts on physical commodities. As the contracts that underlie these components come to expiration, they are replaced by contracts that have a later expiration. For example, a contract purchased and held in August may specify an October expiration. As time

passes, the contract expiring in October is replaced by a contract for delivery in November. This is accomplished by selling the October contract and purchasing the November contract. This process is referred to as “rolling”. Excluding other considerations, if the market for these contracts is in “backwardation”, where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a “roll yield”. While the contracts that may be included in each such component of the Underlying Asset could have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. Moreover, some of the commodities reflected in the components of the Underlying Asset could have historically exhibited “contango” markets rather than backwardation. Contango markets are those in which prices are higher in more distant delivery months than in nearer delivery months. Commodities may also fluctuate between backwardation and contango markets. The presence of contango in the commodity markets could result in negative roll yields, which could adversely affect the value of any components of the Underlying Asset and, accordingly, the amount payable on the Notes.

**ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS THAT ARE CURRENCIES, AN INDEX CONTAINING CURRENCIES OR BASED IN PART ON CURRENCIES**

**Notes relating to currencies may be subject to foreign exchange risk.**

The price relationship between two different currencies (*e.g.*, the U.S. dollar and the Indian rupee) may be highly volatile and varies based on a number of interrelated factors, including the supply and demand for each currency, political, economic, legal, financial, accounting and tax matters and other actions that we cannot control. Relevant factors include, among other things, the possibility that exchange controls could be imposed or modified, the possible imposition of other regulatory controls or taxes, the overall growth and performance of the local economies, the trade and current account balance between the relevant countries, market interventions by the central banks, inflation, interest rate levels, the performance of the global stock markets, the stability of the relevant governments and banking systems, wars, major natural disasters and other foreseeable and unforeseeable events. In addition, the value of a currency may be affected by the operation of, and the identity of persons and entities trading on, interbank and interdealer foreign exchange markets. These factors may adversely affect the performance of the Underlying Assets or their components and, as a result, the market value of the Notes and the amount you will receive at maturity.

**You may not have any rights to receive the Underlying Assets or their components.**

Investing in the Notes will not make you a holder of any currency or futures contract relating to the Underlying Assets or their components. The Notes will be paid in U.S. dollars or the specified currency stated in the applicable Supplement, and you will have no right to receive delivery of any currency or futures contract relating to the Underlying Assets or their components.

**The liquidity, market value, the amount of principal, coupon or any other amounts payable on your Notes could be affected by the actions of the relevant sovereign governments.**

Currency exchange rates of most economically developed nations are “floating”, meaning the rate is permitted to fluctuate in value. However, governments, from time to time, may not allow their currencies to float freely in response to economic forces. Moreover, governments, including those of the United States, use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the currency exchange rates of their respective currencies. Governments also may issue a new currency to replace an existing currency or alter the currency exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing Notes relating to one or more foreign currencies is that their liquidity, their value and the amount of principal, coupon or other amounts payable on your Notes could be affected by the actions of sovereign governments which could change or interfere with currency valuation and the movement of currencies across borders. There will be no adjustment or change in the terms of those Notes in the event that currency exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of the issuance of a replacement currency or in the event of any other development affecting the relevant currencies.

However, the government that issues that currency will also have no involvement in the offer and sale of the Note and no obligations to you.

**ADDITIONAL RISKS RELATING TO NOTES WITH AN UNDERLYING ASSET THAT ARE A FLOATING INTEREST RATE, AN INDEX CONTAINING FLOATING INTEREST RATES OR BASED IN PART ON A FLOATING INTEREST RATE**

**You may receive a lesser amount of interest in the future.**

Because the Underlying Asset will be comprised of or based in part on a floating interest rate, there will be significant risks not associated with a conventional fixed-rate debt security. These risks include fluctuation of the applicable interest rate and the possibility that, in the future, you will receive a lesser coupon amount or no coupon at all. We have no control over a number of matters that may affect interest rates, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, interest rates have been volatile, and volatility also could be characteristic of the future.

**The coupon rate may be below the rate otherwise payable on similar Notes with a floating coupon rate issued by us or another issuer with the same credit rating.**

Because the Underlying Asset will be comprised of or based in part on a floating coupon rate, you may receive a coupon rate that is less than the coupon rate on debt securities with the same maturity issued by us or an issuer with the same credit rating.

**The Notes may be subject to a maximum coupon rate which will limit your return.**

If the Underlying Asset is comprised of or based in part on a floating coupon rate, the Notes may be subject to a maximum coupon rate. The coupon rate that will accrue will never exceed the maximum rate permitted by New York law, as modified by federal law.

**If the Notes contain a Coupon Conversion Right, our exercise of that right will depend on market interest rates.**

Whether or not we exercise a Coupon Conversion Right (described in “Certain Features of the Notes” below) will depend on movements in market interest rates compared to the applicable Underlying Asset. We will exercise the Coupon Conversion Right and elect to cease accruing and compounding interest in favor of paying interest to you on a period basis without compounding, at our sole discretion. If we exercise our Coupon Conversion Right, you may not be able to reinvest any coupon we pay you at a rate equal to the applicable Underlying Asset.

**The coupon rate on the Notes could be zero.**

We have no control over the fluctuations in the levels of the Underlying Assets. If the Coupon Payments depend on a formula that uses the Underlying Asset as a variable, certain values of the Underlying Asset may result in a calculation that equals zero. In that case, no interest may accrue for the related Interest Payment Period.

**ADDITIONAL RISKS RELATING TO NOTES WHICH PAY NO COUPON**

**Your yield may be lower than the yield on a standard debt security of comparable maturity.**

You will not generally receive periodic payments of coupon on the Notes as there would be on a conventional fixed-rate or floating-rate debt security having the same Maturity Date and issuance date as the Notes. The effective yield to maturity of the Notes may therefore be less than that which would be payable on that type of conventional debt security. Therefore, the return of each Note at maturity may not compensate you for any opportunity cost implied by inflation and other factors relating to the time value of money.

**ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS THAT ARE HEDGE FUND OR FUND OF FUNDS INTERESTS, INDICES OF HEDGE FUNDS OR FUND OF FUNDS, OR BASED IN PART ON HEDGE FUNDS OR FUND OF FUNDS INTEREST, INDICES OF HEDGE FUNDS OR FUND OF FUNDS**

**You should investigate the Underlying Asset as if investing directly.**

You should conduct your own diligence of the Underlying Asset as you would if you were directly investing in the Underlying Asset. You will only have access to the information on the Underlying Asset made available, including information on such Underlying Assets' assets, investment strategies or track records. There is no assurance that the Underlying Asset will release information on a timely basis or at all. We make no representation or warranty with respect to the accuracy, validity or completeness of any information provided by any Underlying Asset. Furthermore, we cannot give any assurance that all events occurring prior to the Issue Date (including events that would affect the accuracy or completeness of any information provided by any Underlying Asset) have been properly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Underlying Asset could adversely affect the value of any amount payable at maturity.

The Issuer or one or more of its affiliates may from time to time have access to information about the composition of the Underlying Asset. In addition, the Issuer or one or more of its affiliates may from time to time engage in business with the Underlying Asset. In the course of such business, the Issuer or one or more of its affiliates may acquire information with respect to the Underlying Asset that is generally not available to holders of the Notes. Neither the Issuer nor any of its affiliates has any obligation to disclose any such information to the holders of the Notes. You should not conclude that the sale by the Issuer of the Notes is any form of investment recommendation by the Issuer, BNPP Securities or any of its affiliates to invest in the Underlying Assets.

**Risk relating to hedge funds.**

The Notes are subject to some of the risks of an investment in a portfolio of hedge funds. The following is a list of some of the significant risks associated with hedge funds. Each of these risks impact the value of the Underlying Asset and will, in turn, have a corresponding impact on the value of the Notes. Because the Underlying Assets are not required to be registered under the Investment Company Act, investors are not afforded the same protections as investors in funds that are registered under the Investment Company Act. Thus, protections relating to, among other matters, changes to an investment company's investment advisor, reporting requirements, changes in the investment policies of an investment company, and limits on the fees payable to an investment company's service providers, may not be available, and even if available, may not be applicable to the holders of Notes. As a result, the Underlying Assets (and thus the performance of the Notes) may be adversely affected by the following factors:

- The unregulated nature of investments made by the investment managers and/or advisors of the Underlying Assets, such as the employment of different types of trading strategies (i.e., leverage) and the investment in certain types of securities that are typically prohibited for funds registered under the Investment Company Act. In particular, investors should be aware that the Underlying Assets may borrow up to an amount more than 100% of their assets on a consistent basis to increase its leverage;
- The investment managers and/or advisors of the Underlying Assets may invest in and trade in a variety of financial instruments using sophisticated investment techniques for hedging and non-hedging purposes. Such financial instruments and investment techniques may include but are not limited to the use of leverage (i.e., borrowing money for investment purposes), short sales of securities, transactions that use derivatives such as swaps, stock options, index options, futures contracts and options on futures, transactions that involve the lending of securities to certain financial institutions, the entry into repurchase and reverse repurchase agreements for securities and the investment in foreign securities and foreign currencies. While these investment strategies and financial instruments allow the investment managers and/or advisors of the Underlying Assets the flexibility to implement a range of strategies in an attempt to generate positive returns for the Underlying Assets, they also create the risk of significant losses that may adversely affect the value of the Underlying Assets and thus the return on the Notes;
- Because the remuneration of the investment managers and/or advisors of the Underlying Assets may be directly influenced by the performance of the Underlying Assets, each may have an incentive to make more

risky investments that may result in greater profits. Such risky investments also allow the opportunity for significant losses which may adversely affect the return on the Notes. In addition, investors should be aware that the investment managers and/or advisors of the Underlying Assets may receive management, advisory or performance fees even though such Underlying Assets have not realized any gains;

- Generally, funds not registered under the Investment Company Act provide less transparency than registered funds. For example, investors in unregistered hedge funds may not easily be able to ascertain all the risk characteristics of the hedge fund or investment strategies employed by the hedge fund managers of unregistered funds, as a result, investors in unregistered hedge funds may have to solely rely on the portfolio position disclosure to evaluate the investments and risks of the related hedge fund;
- The investment managers and/or advisors of the Underlying Assets may not be registered under the Investment Advisers Act of 1940, as amended;
- Hedge funds may invest in securities listed or traded on foreign exchanges. The execution of transactions on foreign exchanges might involve particular risks including but not limited to higher volatility, government intervention, lack of transparency, lack of regulation, currency risk, political risk and economic social instability;
- The lack of oversight and regulation associated with hedge funds may increase the likelihood of fraud and negligence by the investment managers and/or advisors of the Underlying Assets, their brokerage firms or banks;
- The use of the above investment strategies, investment in the above securities and other instruments and the general characteristics of hedge funds may cause hedge funds to be volatile;
- Substantial redemptions on the Underlying Assets on a particular day could require the Underlying Assets to liquidate positions more rapidly than would be otherwise desirable;
- Hedge funds may involve complex tax structures and delays in distributing important tax information;
- Hedge funds may have high fees and expenses that may offset the hedge fund's trading profits; and
- Legal, tax and regulatory changes could occur during the term of the Notes that may adversely affect the Underlying Assets. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Underlying Assets. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The Securities and Exchange Commission, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Underlying Assets could be substantial and adverse and consequently adversely affect the value of the Notes.

#### **Limited disclosure on the Underlying Asset.**

The disclosure contained in, or attached to, the Supplement regarding the Underlying Asset is limited and taken from information provided by third-party sources. The Underlying Asset is not registered under the U.S. Federal Securities laws, and therefore, is not subject to the rules and regulations thereunder regarding, among other things, disclosure. The Issuer, BNPP Securities or any of their affiliates makes any representation that such information regarding the Underlying Asset is accurate or complete, and the Issuer, the Guarantor, BNPP Securities and their affiliates are not responsible for any disclosure of information about the Underlying Asset. We urge you to undertake an independent investigation of the Underlying Asset as in your judgment is appropriate to make an informed decision with respect to an investment in the Notes. None of the Issuer, the Guarantor or any of their affiliates undertakes any obligation to provide any information on the Underlying Asset. You should conduct the due diligence you believe is necessary to make a direct investment into the Underlying Asset.

**Risks relating to and reliance on investment managers and/or advisors of the Underlying Asset.**

Investment in the Notes is speculative and entails substantial risks. The amount payable during the term of the Notes, if any, and at maturity may be based on changes in the value of the Underlying Assets, which fluctuate. Changes in the value of the Underlying Assets cannot be predicted. Moreover, any persons relying on the performance of the Underlying Assets should note that such performance will depend to a considerable extent on the performance of the investment managers and/or advisors of the Underlying Assets. The Issuer and its affiliates are not in a position to protect you against negligence, fraud, misconduct or misrepresentation by the investment managers and/or advisors of the Underlying Assets. You should understand that you could be materially adversely affected by any such acts. For example, any such acts may lead to an early termination event. An early termination event will cause the termination of the Notes and thus you will lose the opportunity to participate further in the performance of the Underlying Asset. You do not have and are not entitled to any beneficial interests in the Underlying Assets and as such, have no recourse against the Underlying Assets or the investment managers and/or advisors of the Underlying Assets either contractually or statutorily for any loss of return on your Notes. Furthermore, as a practical matter, it may be difficult to bring an action, or to seek to enforce a judgment obtained in an action, against any of the aforementioned entities. In addition, the investment managers and/or advisors of the Underlying Assets may be removed or replaced, the allocation of assets may vary from time to time and the various positions of the Underlying Assets may be economically offsetting, all of which may affect the performance of the Underlying Asset.

The investment managers and/or advisors of the Underlying Assets may manage or advise other funds and/or accounts and may have financial and other incentives to favor such other funds and/or accounts over the Underlying Assets. Also, the investment managers and/or advisors of the Underlying Assets may manage or advise for their own accounts and the accounts of their clients and may make recommendations or take positions similar or dissimilar to those of the Underlying Assets or which may compete with the Underlying Assets.

**Future performance of the Underlying Assets cannot be predicted based on historical performance.**

You are cautioned that any historical levels of the Underlying Assets provided by such Underlying Assets are not indicative of and have no bearing on future performance of the Underlying Assets. The Underlying Assets may outperform or under-perform the historical levels. No assurance can be given that the values for the Underlying Asset will increase.

**No ownership rights in the Underlying Assets.**

An investment in the Notes does not entitle you to any ownership interest or rights in the Underlying Assets, such as voting rights.

If an Underlying Asset makes in-kind distributions to its limited partners or shareholders, the Calculation Agent will have the discretion to determine the value of such distributions for purposes of calculating the value of such Underlying Asset and, in turn, the amount payable at maturity of your Notes.

According to the constituent documents, prospectus, offering memorandum, information memorandum and related offering documents of certain of the Underlying Assets in the Underlying Asset, such Underlying Assets may make distributions in-kind to its limited partners or shareholders. Typically, such Underlying Asset may be expected to assign a certain value to any in-kind distribution. However, for purposes of determining the value of the Underlying Asset and the Cash Settlement Amount, if any, you may be entitled to receive with respect to your Notes, the Calculation Agent will not be bound by any such valuation made by or on behalf of such Underlying Asset. Instead, the Calculation Agent will determine for such purpose the value of any in-kind distribution in a commercially reasonable manner. For example, the Calculation Agent may take into consideration the amount of proceeds a seller of property of the type comprising such in-kind distribution would receive upon liquidation thereof. Therefore, the Cash Settlement Amount, the value of the Underlying Asset and the value of your Notes may be affected by the liquidation value of such in-kind distributions as determined by the Calculation Agent.

**Your investment will be “new issues” restricted.**

On December 23, 2003, the Financial Industry Regulatory Authority (“FINRA”) adopted Rule 2790 which prohibits certain persons from receiving the economic benefit of new issues. Each of the Issuer and any affiliate that may be entering into transactions to hedge the Issuer’s exposure under the Notes is a Restricted Person under Rule 2790 and, accordingly, any investment by any of them in the interests of any Underlying Asset will be treated as though it had been made by a Restricted Person. A “Restricted Person” includes most associated persons of a U.S. broker dealer, most owners and affiliates of a broker dealer and certain other classes of persons. Such interests would consequently be restricted from participating in gains or losses attributable to “new issues” investments by any of the Underlying Assets in the Underlying Asset to the extent deemed necessary or advisable by any of the funds to comply with Rule 2790. As such, the returns to the investor on any interests of the Underlying Assets in the Underlying Asset may not be the same as the returns available to investors in an Underlying Asset comprised of funds similar to the Underlying Assets without a “new issues” restriction.

**Lack of affiliation among the Issuer and the Underlying Assets.**

The Issuer is not affiliated with any of the Underlying Assets; however, the Issuer and its affiliates may be party to various financial contracts with (including synthetic prime brokerage or leveraged basket options), or provide services to, one or more Underlying Assets. The Issuer has no ability to control or predict the actions of any of the Underlying Assets. This Product Supplement does not and is not intended to provide information with respect to any Underlying Asset. No investigation has been made of the financial condition or creditworthiness of any Underlying Asset in connection with the issuance of the Notes.

**Illiquidity of secondary market.**

The Notes are most suitable for purchase and holding until the Maturity Date. The Notes will be new securities for which currently there is no trading market. The Issuer does not intend to apply for listing of the Notes on any securities exchange or for trading in The PORTAL Market. The Issuer cannot assure you whether there will be a secondary market in the Notes or, if there were to be such a secondary market, that it would be liquid. In addition, the Issuer may issue more Notes than it is able to sell initially. These additional Notes may be issued to an affiliate and may be held indefinitely, or subsequently sold to investors or surrendered for cancellation.

BNPP Securities reserves the right from time to time for it or one of its affiliates to enter into agreements with one or more holders of Notes to provide a market for the Notes but is not obligated to do so or to make any market for the Notes. To the extent that BNPP Securities or one of its affiliates makes a market for the Notes, BNPP Securities or one of its affiliates will, in its sole discretion, determine the fair market price of the Notes being repurchased based on a variety of factors, including, but not limited to, the performance of the Underlying Asset, the prevailing interest rates and the time remaining until the Maturity Date. See “Risk Factors — Factors Affecting the Trading Value of the Notes”.

Holders requesting a market making transaction must give written notice to BNPP Securities at least 100 days prior to that Business Day and deliver their Notes. There may be a considerable delay prior to receiving any market making proceeds, as the expected settlement date of these market making transactions will be five Business Days following earlier of (i) the date on which a holder would have received fully all redemption proceeds of each Underlying Asset, and (ii) a date as described in the Supplement. In addition, you will not be entitled to receive any proceeds from such market making transaction that would have been received by a holder after the second-anniversary of the market making transaction.

**Investments in the Underlying Asset are notional.**

A Note represents a notional investment in the Underlying Assets. The term “notional” is used because there is no actual pool of interests in the Underlying Assets. The Underlying Assets are merely a reference used to calculate the value of the Notes. There are no actual investments in the Underlying Assets underlying the Notes or to which you would have recourse. The Issuer, or an affiliate, may, in order to hedge its obligations under the Notes, among other things, purchase interests in the Underlying Assets or purchase other instruments linked to the Underlying Assets, but it is under no obligation to do so. Such interests, if any, are the separate property of the Issuer and do not secure



or otherwise underlie the Notes. For example, in the event of a failure to pay the amount payable at maturity by the Issuer under the Notes, you will have no beneficial interest in or claim to any such interests. Accordingly, any claims by you pursuant to the terms and conditions of such Notes will be pari passu with all other unsecured, unsubordinated, unconditional creditors of the Issuer.

**Transfer restrictions may impair liquidity.**

The Notes are subject to transfer restrictions. See “Notice to Investors” in the Base Prospectus. Consequently, the liquidity of the Notes may be significantly impaired.

**Impact of offering expenses and hedging costs on secondary market values.**

The Original Issue Price of the Notes includes offering expenses and costs relating to hedging activities conducted by the Issuer or one or more of its affiliates. As such, assuming market conditions and all other relevant factors listed under “— Factors Affecting the Trading Value of the Notes” below remain constant, the price, if any, at which you can sell the Notes in secondary market transactions will likely be lower than the Original Issue Price, since the Original Issue Price included, and secondary market prices are likely to exclude, offering expenses and the cost of hedging activities conducted by the Issuer or one or more of its affiliates. Such hedging activities entail risks and may be influenced by market forces beyond the control of the Issuer or its affiliates and may result in hedging costs that are more or less than initially projected. The additional market making fee, if any, charged by BNPP Securities or its affiliates to purchase Notes in secondary market transactions may account for some, but likely not all, of the offering expenses and the cost of hedging activities.

**Factors affecting the trading value of the Notes.**

We believe that the value of the Notes in the secondary market will be affected by a number of interrelated factors, including the Underlying Asset Values for each Underlying Asset, interest rates and the volatility of the Underlying Assets. Because these factors may be interrelated, one factor may offset or magnify the effect of another factor. The price at which you may be able to sell the Notes prior to the Maturity Date may be at a discount from the Issue Price for a number of reasons, including the underperformance of the Underlying Assets. The following paragraphs describe what we expect to be the impact on the market value of the Notes of a change in a specific factor, assuming all other factors remain constant.

*Underlying Asset Values.* The trading value of the Notes will likely depend substantially on the current Underlying Asset Values. If you choose to sell your Notes when the value of the Underlying Asset Values are relatively low, you may receive less than the Issue Price of your Notes. Political, economic and other developments that affect the investments underlying the Underlying Assets may also affect the Underlying Asset Values and, thus, the value of the Notes.

*Interest rates.* We expect that the trading value of the Notes will likely be affected by changes in interest rates. An increase or decrease in interest rates may impact the value of the Notes in unpredictable ways. As a result, you should understand that fluctuations in interest rates may adversely or favorably affect the trading value of the Notes. Interest rates may also affect the global economy and, in turn, the levels of the Underlying Assets, which may affect the value of the Notes.

*Volatility of the Underlying Assets.* Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Underlying Assets changes, the trading value of the Notes may be adversely or favorably affected.

*Time remaining until the Final Valuation Date.* The Notes may trade at a value above that which would be expected based on the level of interest rates and the Underlying Asset Values. Any such difference may reflect a “time premium” resulting from expectations concerning the Underlying Asset Values during the period prior to the Final Valuation Date. However, as the time remaining to the Final Valuation Date of the Notes decreases, this time premium may decrease, adversely affecting the trading value of the Notes.

*Creditworthiness.* Any change in the creditworthiness of the Issuer could affect the value of the Notes. The Notes have not been rated by any credit rating agency.

As noted above, the impact of one of the factors specified above, such as an increase in interest rates, may offset some or all of any change in the trading value of the Notes attributable to another factor, such as fluctuations in the Underlying Asset Values.

In general, assuming all relevant factors are held constant, we expect that the effect on the trading value of the Notes of a given change in most of the factors listed above will be less if it occurs later in the term of the Notes than if it occurs earlier in the term of the Notes.

**ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS THAT ARE BNP PARIBAS PROPRIETARY INDICES OR THAT ARE BASED IN PART ON BNP PARIBAS PROPRIETARY INDICES**

**No ownership of or recourse to the components comprising the Underlying Asset.**

The Notes will not reflect the return an investor would realize if the investor actually owned the components comprising the Underlying Asset. Accordingly, changes in the market value of the components may not result in a comparable change in the market value of the Underlying Asset. Investors will not have, and the Notes will not represent, any direct or indirect ownership interest or rights in the Components comprising the Underlying Asset.

**No rights against the publishers or sponsors of the components comprising the Underlying Asset.**

Even though the amount investors receive at maturity, if any, will be influenced by the values of the components comprising the Underlying Asset, investors will have no rights against any of the publishers or sponsors of such components. An investment in the Notes does not entitle investors to any ownership interests or rights in the components comprising the Underlying Asset. The publishers or sponsors of the components comprising the Underlying Asset are not involved in the offering of the Notes in any way and have no obligation relating to this offering, the Notes or to investors of the Notes.

**The sponsors of the components comprising the Underlying Asset may adjust such components in a way that affects its level, and such sponsor has no obligation to consider your Interests.**

The sponsor of a component comprising the Underlying Asset is responsible for calculating and maintaining such component. Such sponsor can add, delete or substitute the securities underlying such component comprising the Underlying Asset or make other methodological changes that could change the level of such component. You should realize that the changing of securities included in such component comprising the Underlying Asset may affect such component, as a newly added security may perform significantly better or worse than the security or securities it replaces. Additionally, such sponsor may alter, discontinue or suspend calculation or dissemination of such component. Any of these actions could adversely affect the value of the Notes. The sponsor of a component comprising the Underlying Asset has no obligation to consider your interests in calculating or revising such component.

**The index calculation agent may adjust the components of the index in ways that affect its level, and it has no obligation to consider your interests.**

One of our affiliates may act as the index calculation agent and is responsible for calculating and maintaining the index as well as developing guidelines and policies governing its composition and calculation. It is entitled to exercise limited discretion in relation to the index, including but not limited to the calculation of the level of the index or when an extraordinary event occurs. Although the index calculation agent will make all determinations and take all actions in relation to the index acting in good faith, it should be noted that the policies and judgments for which it is responsible could have an impact, positive or negative, on the level of the index and the value of your Notes.

**Publicly available information on the Underlying Asset is limited.**

The Underlying Asset is a proprietary index developed by the index sponsor. Other than certain information relating to the index methodology provided by the index sponsor on its website and the closing levels published by Bloomberg L.P., there is no information on the Underlying Asset that is publicly available. Although the closing levels of the Underlying Asset are reported in Bloomberg L.P., neither BNP Paribas nor its affiliates nor Bloomberg L.P. will publish any information including the composition, method of calculation or rebalancing of the Underlying Asset. Any such information will only be available through the index sponsor. All disclosures contained in the relevant Supplement regarding the Underlying Asset have been provided by the index sponsor for informational purposes only. Any prospective purchaser of the Notes should discuss the Underlying Asset with its financial advisor and make any due diligence inquiry or undertake any independent investigation with respect to the Underlying Asset and the index components as in its judgment is appropriate to make an informed decision with respect to an investment in the Underlying Asset.

**The strategy underlying the Underlying Asset may not be successful.**

There is no assurance that the strategy underlying the methodology of the Underlying Asset will be successful during the term of the Notes, particularly during periods in which sudden shifts in market trends occur. Furthermore, no assurance can be given that the index methodology will achieve its goals or that the Underlying Asset will outperform any alternative strategy that might be constructed.

**The investment strategy used to construct the Underlying Asset may involve rebalancing and weighting limitations that are applied to the components comprising the Underlying Asset.**

The components comprising the Underlying Asset may be subject to rebalancing and maximum weighting limits. By contrast, a synthetic portfolio that does not rebalance and is not subject to any weighting limits could see greater compounded gains over time through exposure to a consistently and rapidly appreciating portfolio consisting of the components comprising the Underlying Asset.

**The components comprising the Underlying Asset may not be equally weighted.**

The components comprising the Underlying Asset may have a different weight in determining the value of the Underlying Asset. One consequence of such an unequal weighting of the components comprising the Underlying Asset is that the same percentage change in two of the components may have different effects on the level of the Underlying Asset.

**Changes in the value of the components comprising the Underlying Asset may offset each other.**

Because the Notes are linked to the Underlying Asset, which is linked to the performance of the components comprising the Underlying Asset, price movements between the components comprising the Underlying Asset representing different asset classes or geographic regions may not correlate with each other. At a time when the value of a component comprising the Underlying Asset representing a particular asset class or geographic region increases, the value of other components representing a different asset class or geographic region may not increase as much or may decline. Therefore, in calculating the level of the Underlying Asset, increases in the value of some of the components comprising the Underlying Asset may be moderated, or more than offset, by lesser increases or declines in the level of other components.

**Correlation of performances among the components comprising the Underlying Asset may reduce the performance of the Notes.**

Performances amongst the components comprising the Underlying Asset may become highly correlated from time to time during the term of the Notes, including, but not limited to, a period in which there is a substantial decline in a particular sector or asset type represented by the components comprising the Underlying Asset and which has a higher weighting in the Underlying Asset relative to any of the other sectors or asset types, as determined by the Underlying Asset strategy. High correlation during periods of negative returns among components comprising the

Underlying Asset representing any one sector or asset type and which such components have a substantial percentage weighting in the Underlying Asset could cause an adverse impact on the value of the Notes.

**Historical performance of each component comprising the Underlying Asset should not be taken as an indication of the future performance of such component.**

The actual performance of each component comprising the Underlying Asset over the term of the Notes, as well as the amount payable at maturity, may bear little relation to the historical performance of such component. The trading prices of the securities underlying each component comprising the Underlying Asset will determine the level of such component. As a result, it is impossible to predict whether the levels of the components comprising the Underlying Asset will rise or fall.

**Future performance of the Underlying Asset cannot be predicted based on hypothetical or actual historical performance.**

The future performance of the Underlying Asset cannot be predicted based on the hypothetical and actual historical performance of the Underlying Asset. The level of the Underlying Asset, the values of the components comprising the Underlying Asset, and the prices of the securities included in such components will be influenced by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally and the equity trading markets on which the securities included in the components comprising the Underlying Asset are traded. The level of the Underlying Asset, the values of the components comprising the Underlying Asset and the prices of the securities included in such components will also be influenced by the various circumstances that can influence the prices of a particular security or the securities in a specific industry sector.

**Hypothetical historical performance data on the Underlying Asset may not represent actual performance.**

The respective index calculation agent began calculating the level of the Underlying Asset on dates disclosed in the applicable Supplement. The values of certain components of the Underlying Asset may be required prior to and after this date to determine the levels of the Underlying Asset after this date. Therefore, there may not be any actual historical data on the Underlying Asset for any day before the index calculation agent began calculating its level.

**The Notes may be linked to an excess return index, and not a total return index.**

The Notes may be linked to an excess return index and not a total return index. For instance, an excess return index, such as the BNP Paribas Millenium Long/Short Commodities USD Excess Return Index, reflects the returns that are potentially available through an unleveraged investment in the contracts comprising such index. By contrast, if the index was a total return index, in addition to reflecting those returns, the index would also reflect interest that could be earned on funds committed to the trading of the underlying futures contracts. The term “Excess Return” in the title of any Underlying Asset is not intended to suggest that the performance of the Underlying Asset at any time or the return on your Notes will be positive or that the Underlying Asset is designed to exceed a particular benchmark.

**The Underlying Asset may include notional short positions, and, if so, the Underlying Asset may be subject to additional risks.**

The Underlying Asset may employ a technique generally known as a “long/short” strategy. This means the Underlying Asset could include a number of notional long positions and a number of notional short positions. Unlike long positions, short positions are subject to unlimited risk of loss because there is no limit on the amount by which the price that the relevant asset may appreciate before the short position is closed. It is possible that any notional short position included in the Underlying Asset may appreciate substantially, leading to an adverse impact on the Underlying Asset value and your Notes.

**If the Underlying Asset employs a long-short strategy, the performance of the Underlying Asset may be lower than the performance of an index based upon different long/short pairing combinations.**

The level of the Underlying Asset depends on the performance of the components comprising the Underlying Asset, based on the index methodology. There can be no assurance that if the Underlying Asset employs a long/short strategy, the long/short pairings resulting from this strategy will actually perform better than different long/short pairings, methodologies, or strategies.

**The Underlying Asset may be highly concentrated in one or more geographic regions, industries or economic sectors.**

The Notes are subject to the downside risk of an investment in the Underlying Asset, which may be highly concentrated in securities or other instruments representing a particular geographic region, industry or economic sector. These include the risks that the price, value or level of other assets in these geographic regions, industries or economic sectors or the prices of the components comprising the Underlying Asset may decline, thereby adversely affecting the market value of the Notes. If the Underlying Asset is concentrated in a geographic region, an industry or group of industries or a particular economic sector, the Notes also will be concentrated in that industry or group of industries or economic sector.

For example, a financial crisis could erupt in a particular geographic region, industry or economic sector and lead to sharp declines in the currencies, equities markets and other asset prices in that geographic region, industry or economic sector, threatening the particular financial systems, disrupting economies and causing political upheaval. A financial crisis or other event in any geographic region, industry or economic sector could have a negative impact on some or all of the components comprising the Underlying Asset and the Underlying Asset and, consequently, the market value of the Notes may be adversely affected.

**The closing level of the Underlying Asset may be exposed to fluctuations in exchange rates.**

Even though some of the components comprising the Underlying Asset may trade in currencies other than the U.S. Dollar, the Underlying Asset is calculated in U.S. Dollars. Payments on the Notes will not be adjusted for changes in the exchange rate between the U.S. Dollar and any of the currencies in which some of the securities included in the components comprising the Underlying Asset might trade. In recent years, rates of exchange for foreign currencies have been volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the Notes.

#### **ADDITIONAL RISKS RELATING TO NOTES WITH UNDERLYING ASSETS ASSOCIATED WITH THE REAL ESTATE INDUSTRY OR THAT ARE BASED IN PART ON THE REAL ESTATE INDUSTRY**

**The closing level of the Underlying Asset may be exposed to the real estate industry.**

The following are some of the conditions that might impact the value of real estate-related equity securities that may be included in a component comprising the Underlying Asset, the level of such component and, accordingly, the level of the Underlying Asset:

- a decline in the value of real estate properties;
- increases in property and operating taxes;
- increased competition or overbuilding;
- a lack of available mortgage funds or other limits on accessing capital;
- changes in zoning laws and governmental regulations;
- costs resulting from the clean-up of, and legal liability to third parties for damages resulting from environmental problems;
- investments in developments that are not completed or that are subject to delays in completion;
- risks associated with borrowing;
- changes in interest rates;

- casualty and condemnation losses; and
- uninsured damages from floods, earthquakes or other natural disasters.

In addition, weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, floods and fires can harm the real estate business. Geopolitical events, such as the aftermath of the war with Iraq and the terrorist attacks on September 11, 2001, and related market disruptions could also have a significant impact on the real estate business.

**Risks associated with real estate investment trusts may affect the value of the Notes.**

The Underlying Asset, or any of its components, may consist of a security that is composed of real estate related stocks including real estate investment trusts (“REITs”). REITs invest primarily in income producing real estate or real estate related loans or interests. Investments in REITs, though not direct investments in real estate, are still subject to the risks associated with investing in real estate. The following are some of the conditions that might impact the structure of and cash flow generated by REITs and, consequently, the value of REITs and, in turn, the value of the Underlying Asset and the Notes:

- a decline in the value of real estate properties;
- extended vacancies of properties;
- increases in property and operating taxes;
- increased competition or overbuilding;
- a lack of available mortgage funds or other limits on accessing capital;
- tenant bankruptcies and other credit problems;
- limitation on rents, including decreases in market rates for rents;
- changes in zoning laws and governmental regulations;
- costs resulting from the clean-up of, and legal liability to third parties for damages resulting from environmental problems;
- investments in developments that are not completed or that are subject to delays in completion;
- risks associated with borrowing;
- changes in interest rates;
- casualty and condemnation losses; and
- uninsured damages from floods, earthquakes or other natural disasters.

The factors above may either offset or magnify each other. To the extent that any of these conditions occur, they may negatively impact a REIT’s cash flow and cause a decline in the share price of a REIT, and, consequently, the Underlying Asset. In addition, some REITs have relatively small market capitalizations, which can increase the volatility of the market price of securities issued by those REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, as a result, subject to risks inherent in operating and financing a limited number of projects. To the extent that such risks increase the volatility of the market price of securities issued by REITs, they may also, consequently, increase the volatility of the Underlying Asset.

**Risks associated with the homebuilding industry will affect the value of the Notes.**

The homebuilding industry is significantly affected by factors in general and local economic conditions and real estate markets as well as by weather conditions, natural disasters and geopolitical events, any of which could affect the ability of the companies of any security, if any, underlying the Underlying Asset to conduct their business profitably. The homebuilding industry is cyclical and has from time to time experienced significant difficulties. The prices of any securities that may be held by the Underlying Asset and, in turn, the level of the Underlying Asset, will be affected by a number of factors that may either offset or magnify each other, including:

- employment levels and job growth;
- the availability of financing for home buyers;
- interest rates;
- consumer confidence;
- housing demand;

- the availability of suitable undeveloped land;
- raw material and labor shortages and price fluctuations;
- federal, state and local laws and regulations concerning the development of land, homebuilding, home sales, consumer financing and environmental protection;
- competition among companies which engage in the homebuilding business; and
- the supply of homes and other housing alternatives.

The difficulties described above could cause an upturn or a downturn in the homebuilding industry generally or regionally and could cause the value of the securities, if any, held by the Underlying Asset and thus the level of the Underlying Asset to decline or remain flat during the term of the Notes.

**ADDITIONAL RISKS RELATING TO NOTES WHICH ARE NOT FULLY PRINCIPAL PROTECTED OR ARE CONTINGENTLY PROTECTED**

**The Notes are not fully principal protected and you may lose some or all of your principal.**

The full principal amount of your investment is not protected, or is only contingently protected, and you may receive less, and possibly significantly less, than the amount you invested. Changes in the Final Level or Final Price (terms described in “Terms of the Notes” below) of the Underlying Asset could adversely affect the amount of principal, coupon or any other amounts payable on your Notes. Therefore, these changes may result in a loss of principal or the receipt of little or no coupon or other payments on your Notes. This will be true even if the level, value or price of the Underlying Asset as of some date or dates prior to the Final Valuation Date may have been above the Initial Level or Initial Price, because the principal, coupon and any other amounts payable on your Notes will be calculated only on the basis of the levels, values or prices of the Underlying Asset on the Valuation Dates subsequent to the Initial Valuation Date. You should therefore be prepared to realize no return on your Notes during their term or even a loss of all of your principal investment.

**ADDITIONAL RISKS RELATING TO NOTES WITH A MAXIMUM RETURN, MAXIMUM RATE, CEILING OR CAP**

**Your gain on the Notes at maturity will be limited to the Maximum Return, Maximum Rate, Ceiling or Cap.**

Your payment at maturity is based on the return of the Underlying Asset which, if positive, may be subject to the Maximum Return, Maximum Rate, Ceiling or Cap (collectively referred to herein as a “Maximum Return” and are described under “Certain Features of the Notes—Maximum Return, Maximum Rate, Ceiling or Cap” below). In the event that the Maximum Return is applicable, the maximum payment at maturity for each Note will be the sum of (i) the principal amount of the Note and (ii) the product of the principal amount of the Note and the Maximum Return, regardless of the positive percentage increase of the Underlying Asset or any of its components.

**ADDITIONAL RISKS RELATING TO NOTES WITH A BARRIER PERCENTAGE OR A BARRIER LEVEL**

**The price at which you will be able to sell your Notes prior to or at the Maturity Date will depend on whether the Closing Level or Closing Price of the Underlying Asset ever fell below the Barrier Percentage or Barrier Level.**

The market value of the Notes will be affected if the Closing Level or Closing Price of the Underlying Asset declines and if it ever approaches or falls below the Barrier Level, Barrier Percentage or Protection Price (terms are described in “Certain Features of the Notes” below). This type of occurrence will mean that the principal amount of your Notes is not protected and you may receive less, and possibly significantly less, than the amount you invested.

## **ADDITIONAL RISKS RELATING TO NOTES WHICH CONTAIN A MULTIPLIER**

**Changes in the levels, values and prices of the Underlying Assets will intensify any changes to the Underlying Asset.**

If the principal, coupon or any other amounts payable on the Notes is dependent on a multiplier, movements in the levels, values and prices of Underlying Assets during the term of the Notes will be intensified. As a result, small changes in any of the Underlying Assets are expected to have a greater effect than Notes without a multiplier.

## **ADDITIONAL RISKS RELATING TO ABSOLUTE PERFORMANCE NOTES**

**Principal protection only if you hold the Notes to maturity.**

You should be willing to hold your Notes to maturity. You will be entitled to receive at least the full principal amount of your Notes only if you hold your Notes to maturity. The market value of the Notes may fluctuate between the date you purchase them and the Final Valuation Date. If you sell your Notes in the secondary market prior to maturity, you may have to sell them at a loss.

*If a Knock-Out Event occurs the additional amount will equal zero.*

If the Closing Level for an Underlying Asset, as specified in the applicable Supplement, on any trading day during the period specified in the applicable Supplement is greater than the Upper Knock-Out Level or less than the Lower Knock-Out Level, the Additional Amount will equal zero. In this case you will only receive your principal investment regardless of how the Underlying Asset(s) performed. This return may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time. Therefore, under these circumstances, your return may be less than the return you would have otherwise received if you had invested, for example, directly in the stocks composing the Underlying Asset(s). In addition, if the Final Level is greater than or less than the Initial Level and a Knock-Out Event occurs, your return would be less than the return you would have received if the Note did not contain a Knock-Out Event feature.

*The appreciation potential is limited.*

The appreciation potential of the Notes will be limited by the percentage of the Upper Knock-Out Level or the absolute value of the Lower Knock-Out Level. Therefore, the Notes have a maximum return, and the appreciation potential of the Notes is limited. The Additional Amount per \$1,000 principal amount of the Notes will never be greater than the Upper Knock-Out Level less 100%. Accordingly, the appreciation potential of the Notes is limited.

**The absolute performance will not be adjusted for changes in exchange rates that might affect the Underlying Asset.**

The Underlying Asset may include stocks which are traded in currencies other than U.S. dollars. The payment at maturity will not be adjusted for changes in the exchange rate between the U.S. dollar and each of the currencies in which the stocks included in the Underlying Asset are denominated. The payment at maturity will be determined solely in accordance with the procedures as defined in the applicable Supplement.

## **ADDITIONAL RISKS RELATING TO NOTES WHICH WE MAY CALL OR REDEEM (AUTOMATICALLY OR OTHERWISE)**

**Early redemption risk.**

It is more likely that the Issuer will redeem the Notes prior to maturity to the extent that the Underlying Asset level during the term of the Notes results in an amount payable that is greater than instruments of a comparable maturity and credit rating trading in the market. If the Notes are redeemed prior to maturity, you will receive no further benefits relating to the features of the Notes, including any leverage factor, and you will also receive no further payments on the Notes.



**Market factors may influence whether we exercise our right to call or redeem the Notes prior to their scheduled maturity.**

It is possible that we will call or redeem the Notes prior to the Maturity Date. If the Notes are redeemed prior to their Maturity Date, you may be subject to reinvestment rate risk whereby it is likely that you will be unable to invest in securities with similar risk and yield as the Notes. Your ability to realize market value appreciation is limited by our right to call the Notes prior to the Maturity Date.

**If subject to an automatic call, the appreciation potential of the Notes is limited.**

Any gain on the Notes will be limited to the Call Premium, if any, applicable to the Review Date on which the Notes are called, regardless of the appreciation of the Underlying Asset, which may be greater than the applicable Call Premium. In addition, the automatic call feature of the Notes may shorten the term of your investment.

**The amount we will pay you to call your Notes because we are required to pay additional amounts in respect of tax withholding is uncertain.**

If we redeem your Notes because we are required to pay additional amounts in respect of withholding, or deduction of taxes from any payment on the Notes, we will pay you a Redemption Price for your Notes that will be determined by the Calculation Agent in a manner reasonably calculated to preserve your and our relative economic positions. This Redemption Price would take into consideration the net present value of expected future payments of the principal and coupon on the Notes. If there are little or no expected future Coupon Payments on the Notes, the net present value would primarily depend on the present value of the repayment of the principal amount at maturity, which could result in a net present market value of the Notes below par.

#### **ADDITIONAL RISKS RELATING TO NOTES WITH MORE THAN ONE UNDERLYING ASSET (A “BASKET”)**

**The Basket may not be a recognized market index and may not accurately reflect global market performance.**

The Basket may not be a recognized market index and may be created solely for purposes of the offering of the Notes and calculated solely during the term of the Notes. In that instance, the level of the Basket and, therefore, its performance will not be published as a separate index during the term of the Notes.

**Risks associated with the Basket may adversely affect the market price of the Notes.**

Because the Notes may be linked to changes in the values of a limited number of Underlying Assets, the Basket may be less diversified than funds or portfolios investing in broader markets and, therefore, could experience greater volatility. An investment in those Notes may carry risks similar to a concentrated investment in a limited number of industries or sectors.

**The components of the Underlying Assets and the Underlying Assets comprising the Basket may not move in tandem; and gains in one such instrument may be offset by declines in another such instrument.**

Price movements in the components of the Underlying Assets and the Underlying Assets comprising the Basket may not move in tandem with each other. At a time when the level, value or price of one or more of those instruments increases, the level, value or price of one or more of the other of those instruments may decline. Therefore, increases in the level, value or price of one or more of the components of the Underlying Asset and the Underlying Assets comprising the Basket may be moderated, or wholly offset, by lesser increases or declines in the level, value or price of one or more of the other components of the Underlying Asset and the Underlying Assets comprising the Basket.

**The Basket may be highly concentrated in one or more geographic regions, industries or economic sectors.**

The Notes are subject to the downside risk of an investment in the Basket, which may be highly concentrated in securities or other instruments representing a particular geographic region, industry or economic sector. These include the risks that the price, value or level of other assets in these geographic regions, industries or economic sectors or the prices of securities or other components of the Underlying Asset and the Underlying Assets

comprising the Basket may decline, thereby adversely affecting the market value of the Notes. If the Basket is concentrated in a geographic region, an industry or group of industries or a particular economic sector, the Notes also will be concentrated in that industry or group of industries or economic sector.

For example, a financial crisis could erupt in a particular geographic region, industry or economic sector and lead to sharp declines in the currencies, equities markets and other asset prices in that geographic region, industry or economic sector, threatening the particular financial systems, disrupting economies and causing political upheaval. A financial crisis or other event in any geographic region, industry or economic sector could have a negative impact on some or all of the Underlying Assets and the Basket and, consequently, the market value of the Notes may be adversely affected.

**The correlation among the components comprising the Basket may change.**

Correlation is the term used to describe the relationship between the percentage change among the components comprising the Basket. Changes in the correlation may adversely affect the market value of the Notes.

**ADDITIONAL RISKS RELATING TO NOTES WITH MORE THAN ONE UNDERLYING ASSET, WHERE THE PERFORMANCE OF THE NOTE IS LINKED TO THE PERFORMANCE OF ONLY ONE UNDERLYING ASSET.**

**Although the Notes may initially be linked to more than one Underlying Asset, losses may be linked to the performance of only one Underlying Asset.**

While the Note may initially be linked to more than one Underlying Asset, losses may be linked to the performance of only one Underlying Asset. The Note may be linked to the Underlying Asset that has exhibited the greatest percentage price decline or the lowest percentage price increase (if the Final Price of each Underlying Asset is greater than its respective Initial Price). In either case, gains in any of the other Underlying Assets will be irrelevant. Further, if the Notes are linked to the worst performing Underlying Asset among multiple Underlying Assets, there may be a greater risk of your Notes being linked to a poor performing Underlying Asset, and therefore a greater risk of you receiving no return in excess of your initial investment if your Notes are principal protected and a greater risk of loss if your Notes are not principal protected.

**ADDITIONAL RISKS RELATING TO DIGITAL NOTES**

**You will not participate in any appreciation in the value of the Underlying Asset.**

Some Notes, which are sometimes referred to as “Digital Notes”, are Notes that pay a Coupon, if any, at maturity and that do not reflect the extent to which an Underlying Asset appreciates. For example, if the Final Price of the Underlying Asset is greater than the Initial Price of the Underlying Asset, the Coupon Payment you receive with respect to the Notes and the principal payment you receive at maturity will be a fixed amount and not reflect the performance of the Underlying Asset. Under no circumstances, regardless of the extent to which the value of the Underlying Asset appreciates, will your return exceed the applicable Coupon Payment. For example, if the Underlying Asset has appreciated by 50% as of the Final Valuation Date, you will receive only your principal amount plus the applicable Coupon Payments made at maturity of the Notes. In this case, you may earn significantly less by investing in the Notes than you would have earned by investing directly in the Underlying Asset.

**ADDITIONAL RISKS RELATING TO NOTES PAYABLE IN A CURRENCY OTHER THAN U.S. DOLLARS.**

**The unavailability of foreign currencies could result in a substantial loss to you.**

Banks may not offer non-U.S. dollar denominated checking or savings account facilities in the United States. Accordingly, payments on non-U.S. dollar denominated Notes will be made from an account with a bank located in the country issuing the specified currency. As a result, you may have difficulty converting or be unable to convert those specified currencies into U.S. dollars on a timely basis or at all.

**Changes in foreign currency exchange rates and foreign exchange controls could result in a substantial loss to you.**

An investment in the Notes that is denominated in a specified currency other than U.S. dollars, entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Risks include, without limitation, the possibility of significant changes in rates of exchange between the U.S. dollar and the relevant foreign currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls by either the United States or international governments. These risks generally depend on factors over which we have no control, such as economic and political events or the supply of and demand for the relevant currencies. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and that volatility also could occur in the future. If a Note is non-U.S. dollar denominated, changes in rates of exchange between the U.S. dollar and the relevant foreign currency could adversely affect the effective yield of the Note below its interest rate, and in some circumstances could result in a loss to the investor on a U.S. dollar basis.

Governments have imposed, and may in the future impose, exchange controls that could affect currency exchange rates, as well as the availability of a specified foreign currency for making payments with respect to a non-U.S. dollar denominated Note. There can be no assurance that exchange controls will not restrict or prohibit payments in any of those currencies or currency units. Even if there are no actual exchange controls, it is possible that the specified currency for any particular Note would not be available to make payments when due. In that event, we will repay that Note in U.S. dollars on the basis of the most recently available currency exchange rate.

**Non-U.S. dollar Notes may permit us to make payments in U.S. dollars or delay payment if we are unable to obtain the specified currency.**

Notes payable in a currency other than U.S. dollars may provide that, if the other currency is subject to convertibility, transferability, market disruption or other conditions affecting its availability at or about the time when a payment on the Notes comes due because of circumstances beyond our control, we will be entitled to make the payment in U.S. dollars or delay making the payment. We will describe these provisions in the Supplement relating to your Notes. These circumstances could include the imposition of exchange controls or our inability to obtain the other currency because of a disruption in the currency markets. If we made payment in U.S. dollars, the currency exchange rate we would use would be determined in the manner described in “Description of Medium-Term Notes—Payment and Paying Agent”. A determination of this kind may be based on limited information and would involve significant discretion on the part of the exchange rate agent appointed by us. As a result, the value of the payment in U.S. dollars an investor would receive on the payment date may be less than the value of the payment the investor would have received in the other currency if it had been available, or may be zero. In addition, a government may impose extraordinary taxes on transfers of a currency. If that happens, we will be entitled to deduct these taxes from any payment on Notes payable in that currency.

**We will not adjust non-U.S. dollar Notes to compensate for changes in currency exchange rates.**

Except as described in the applicable Supplement, we will not make any adjustment or change in the terms of a non-U.S. dollar Note in the event of any change in currency exchange rates for the relevant currency, whether in the event of any devaluation, revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting that currency, the U.S. dollar or any other currency. Consequently, investors in non-U.S. dollar Notes will bear the risk that their investment may be adversely affected by these types of events.

**In a lawsuit for payment on a non-U.S. dollar Note, you may bear currency exchange risk.**

Our Notes will be governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on a Note denominated in a currency other than U.S. dollars would be required to render the judgment in the specified currency; however, the judgment would be converted into U.S. dollars at the currency exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on a Note denominated in a currency other than U.S. dollars, investors would bear currency exchange risk until judgment is entered, which could be a long time.

In courts outside of New York, investors may not be able to obtain judgment in a specified currency other than U.S. dollars. For example, a judgment for money in an action based on a non-U.S. dollar Note in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of the currency in which any particular Note is denominated into U.S. dollars will depend upon various factors, including which court renders the judgment.

### **PROGRAM CREDIT RATING**

The Notes are issued under the Medium-Term Notes Program (the “Program”). The Notes are expected to carry the rating of the Program, which is rated AA+ by Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (“S&P”), Aa1 by Moody’s Investor Services, Inc. (“Moody’s”) and a rating of “AA” by Fitch Ratings (“Fitch”). An AA rating from S&P generally indicates that the issuer’s capacity to meet its financial commitment on the obligations arising from the Program is very strong. An Aa1 rating by Moody’s indicates that the Program is currently judged by Moody’s to be an obligation of high quality and is subject to very low credit risk. An AA rating by Fitch indicates that the Program is currently judged by Fitch to be an obligation of very high credit quality and is subject to very low credit risk.

The credit rating is a statement of opinion and not a statement of fact. The rating is: (1) subject to downward revisions, suspension or withdrawal at any time by the assigning rating agency; (2) does not take into account market risk or the performance-related risks of the investment (including, without limitation, the risks associated with the potential negative performance of any Underlying Asset to which the Notes are linked); and (3) is not a recommendation to buy, sell or hold securities.

### **DESCRIPTION OF MEDIUM-TERM NOTES**

#### **Legal Ownership**

Investors who hold the Notes in accounts at banks or brokers will generally not be recognized by us as legal holders of the Notes. This is called holding in street name. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its Notes. These intermediary banks, brokers and other financial institutions pass along principal, coupon and other payments on the Notes, either because they agree to do so in their customer agreements or because they are legally required. An investor who holds the Notes in street name should check with the investor’s own intermediary institution to find out:

- how it handles the Notes’ payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required;
- whether and how the investor can instruct it to send the investor’s the Notes, registered in the investor’s own name so the investor can be a direct holder as described below; and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

#### **Clearance and Settlement**

Notes we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book-entry systems operated by The Deposit Trust Company, or “DTC”, in the United States, Clearstream Banking, société anonyme, or Clearstream, Luxembourg, in Luxembourg and Euroclear Bank S.A./N.V., or Euroclear, in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing

systems without the physical transfer of certificates. See “Book-Entry Procedures and Settlement” in the Base Prospectus for further information about DTC.

### **Currency of Notes**

Amounts that become due and payable on your Notes in cash will be payable in a currency, composite currency, basket of currencies or currency unit or units (“specified currencies”) specified in the applicable Supplement. The specified currency for your Notes will be U.S. dollars, unless your Supplement states otherwise. Some Notes may have different specified currencies for principal, coupon or other amounts payable on your Notes. We will make payments on your Notes in the specified currency, except as described in the applicable Supplement. See “Risk Factors—Additional Risks Relating to Notes with Underlying Assets That Are Currencies, an Index Containing Currencies or Based in Part on Currencies” for more information about the risks of investing in this kind of Note.

### **Calculations and Calculation Agent**

Any calculations relating to the Notes will be made by the Calculation Agent, an institution that we appoint as our agent for this purpose. Unless otherwise specified in the applicable Supplement, BNPP Securities will act as the Calculation Agent. We may appoint a different institution, including one of our affiliates, to serve as the Calculation Agent from time to time after the original issue date of the Note without your consent and without notifying you of the change.

The Calculation Agent will, in its sole discretion, make all determinations regarding the market value of the Notes at maturity, the price, value or level of the Underlying Asset, Market Disruption Events, Business Days, the default amount upon any acceleration (only in the case of a Market Disruption Event), the Maturity Date, any Early Redemption Date, the coupon rate and the amount payable in respect of your Notes and any other calculations or determinations to be made by the Calculation Agent. Absent manifest error, all determinations of the Calculation Agent will be conclusive for all purposes and final and binding on you and us, without any liability on the part of the Calculation Agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations by the Calculation Agent.

All percentages resulting from any calculation relating to a Note will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, *e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a Note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, or to the nearest one hundred-thousandth of a unit, in the case of a currency exchange rate, with one-half cent, one-half of a corresponding hundredth of a unit or one-half of a hundred-thousandth of a unit or more being rounded upward.

In determining the price, value or level of an Underlying Asset that applies to a Note during a particular interest or other period, the Calculation Agent may obtain quotes from various banks or dealers active in the relevant market, as described under “Underlying Assets” below. Those reference banks, dealers, Underlying Asset Sponsors or information providers may include the Calculation Agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant Notes and its affiliates, and they may include BNP Paribas or its affiliates.

### **The Supplement**

The Supplement for each offering of Notes will contain the detailed information and terms for that particular offering. The Supplement also may add, update or change information contained in this Product Supplement, and the Base Prospectus. If any information in the Supplement is inconsistent with the Product Supplement or the Base Prospectus, you should rely on the information in the Supplement. Any Supplement should be read in connection with this Product Supplement. It is important that you consider all of the information in the Supplement and this Product Supplement when making your investment decision.

#### ***Terms Specified in a Supplement***

The following contains a partial listing of the information and terms of a Note offering which may be included in a Supplement:

- initial public offering price,
- the Underlying Asset and a description thereof,
- to the extent that the Underlying Asset is an index, a description of the components thereof,
- ticker symbol or other identification of the Underlying Asset,
- stated principal amount,
- the Initial Valuation Date or other date on which the Notes price,
- Settlement Date and Original Issue Date,
- Valuation Dates, Observation Dates or Averaging Dates, if any,
- Maturity Date and any terms related to any extension of the Maturity Date not otherwise set forth in this Product Supplement,
- agents' commission or discount, if any,
- to the extent the Underlying Asset is based on multiple indices, the relative weighting of each index comprising the Underlying Asset,
- Maximum Return, if any,
- maximum loss, if any, *provided* that in some instances, the maximum loss will be determined based on a formula or other method as described in the applicable Supplement,
- Initial Level or Initial Price of the Underlying Asset,
- whether your principal investment in the Notes is fully protected, partially protected, contingently protected or not protected,
- Upside Leverage Factor or Participation Rate, if any,
- Downside Leverage Factor, if any,
- Barrier Percentage or Barrier Level, if any,
- Buffer Percentage or Buffer Level, if any,
- payment at maturity, including the formula or method of calculation and the relevant Underlying Assets, if any,
- to the extent the Notes are exchangeable for Underlying Assets, the specified property or the cash value of the specified property the holder may receive at the specified currency exchange rate, at maturity or otherwise,
- Business Day, Business Day Convention and Day Count Convention,
- CUSIP number,
- over-allotment option, if any,

- reissuances or Reopened issues of the Notes,
- denominations of the Notes,
- Issue Price and Variable Price Offer,
- Early Redemption Option by Issuer, Early Redemption by Holder, Option Redemption Dates, Redemption Price, if any,
- repayment at the option of the Note holder, if any,
- special requirements for optional repayment of Global Notes, if any,
- the specified currency and the currency in which the interest will be payable if not in U.S. dollars,
- for Notes that pay coupon, information concerning the related fixed or floating rate, any Spread and any other terms relating to the particular method of calculating the coupon rate for the Note, and
- any other applicable terms.

### **TERMS OF THE NOTES**

Please note that the information about the price to the public and net proceeds to the Issuer in the applicable Supplement relates only to the initial sale of the Notes. If you have purchased the Notes in a purchase/resale transaction after the initial sale, information about the price and date of sale to you will be provided in a separate confirmation of sale.

We describe the terms of the Notes in more detail below.

***To the extent the amounts payable on the Notes are based on an Underlying Asset or formula other than the rates or formulas described in this Product Supplement, the terms of this Product Supplement will be amended in the applicable Supplement to account for such Underlying Asset or formula.***

#### **Principal Protection**

The applicable Supplement will specify whether your principal investment in the Notes is fully protected, partially protected, contingently protected or not protected. If your Notes are contingently protected, the applicable Supplement will specify the “Buffer Level”, “Buffer Percentage” or “Protection Price”, each described below. If your principal investment is not principal protected, you may receive less, and possibly significantly less, than the amount you invested.

#### **Payment at Maturity**

The applicable Supplement will detail the payment at maturity. The payment at maturity may be based on movements in the price, value or level or other events relating to one or more Underlying Assets, and if so, the formula or method of calculation and the relevant Underlying Assets will be specified in the applicable Supplement.

#### **Coupon Payments**

The Notes will pay a coupon, if any, from the original issue date or any other date as specified in the applicable Supplement at either a fixed-rate, floating-rate or linked to a Underlying Asset as specified in the applicable Supplement. See “Coupon Mechanics”.

## **Exchangeable Notes**

An “Exchangeable Note” is a Note that is optionally or mandatorily exchangeable into cash or one or more Underlying Assets. A Note of this type may or may not bear interest or be issued with original discount or at a premium. See “Certain Features of the Notes—Exchangeable Notes” below.

## **Original Issue Discount Notes**

A Note may be an “Original Issue Discount Note”. A Note of this type generally is issued at a price lower than its principal amount and generally provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An Original Issue Discount Note may be a zero coupon Note.

## **Issue Price and Variable Price Offer**

The Notes may have a fixed price (such as par) or a “Variable Price Offer” where the Notes are sold in one or more negotiated transactions (at prices that may be different than par), and these sales may occur at market prices prevailing at the time of sale, at prices related to those prevailing market prices or at negotiated prices. The Notes may be sold at a discount and the Redemption Price may equal 100% or some other percentage of par. The applicable Supplement will specify the issue price or the maximum issue price.

## **Maturity Date**

The “Maturity Date” will be the Maturity Date specified in the applicable Supplement. Unless otherwise stated therein, the Maturity Date will be governed by the “Following Business Day” convention (*e.g.*, if the Maturity Date stated in the applicable Supplement is not a Business Day, the Maturity Date will be extended to the next Following Business Day). If the Final Valuation Date referred to below occurs on a day which is less than two Business Days prior to the Maturity Date, then the Maturity Date will be the second Business Day following that date. The Calculation Agent may postpone the Final Valuation Date, and therefore the Maturity Date, if a Market Disruption Event occurs or is continuing on a day that would otherwise be the Final Valuation Date. We describe Market Disruption Events for the different Underlying Asset classes under “Underlying Assets”. See “Certain Features of the Notes—Final Valuation Date, Final Observation Date or Final Averaging Date”.

In the event that the Maturity Date is postponed as described above, the related payment, and other amounts payable on the Notes at maturity without additional coupon will be made on the postponed Maturity Date.

## **Reissuances or Reopened Issues**

Under some limited circumstances, and at our sole discretion, we may “Reopen” or reissue certain issuances of Notes. These further issuances, if any, will be consolidated to form a single class with the originally issued Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement. Any additional issuances will increase the aggregate principal amount of the outstanding Notes of the class, plus the aggregate principal amount of any Notes bearing the same CUSIP number that are issued pursuant to (i) any over-allotment option we may grant to an agent, and (ii) any future issuances of Notes bearing the same CUSIP number. The price of any additional offering will be determined at the time of pricing of that offering.

We intend to comply with the requirements under the Treasury regulations governing “qualified reopenings” and we will therefore treat any additional offerings of Notes as part of the same issue as the Notes for U.S. federal income tax purposes. Accordingly, for purposes of the Treasury regulations governing original issue discount on debt instruments, we will treat any additional offerings of Notes as having the same original issue date, the same issue price and, with respect to holders, the same adjusted issue price as the Notes.

## **Over-Allotment Option**

We grant agents a 30-day over-allotment option from the date of the applicable Supplement to purchase or arrange for purchase from us additional principal amount of Notes at the public offering price to cover any over-allotments.



## **Business Day**

Unless otherwise defined in this Product Supplement, a “Business Day” will be defined in the applicable Supplement according to a specified Business Day Convention. See “—Business Day Convention” below.

As used in this Product Supplement with respect to the Underlying Assets which are interest rates, “Business Day” means any day that:

- for any Note, is a Monday, Tuesday, Wednesday, Thursday or Friday and that is not a day on which banking institutions in New York City generally are authorized or obligated by law or executive order to be closed,
- for Libor Notes only, is also a London Business Day,
- for Notes having a specified currency other than U.S. dollars only, other than Notes denominated in Euros, is also not a day on which banking institutions in the principal financial center (as described below) of the country of the specified currency generally are authorized or obligated by law or executive order to close, and
- for EURIBOR Notes, Notes denominated in Euros or Libor Notes for which the Index Currency is Euros only, is also a Euro Business Day.

As used above, a principal financial center means the capital city of the country issuing the specified currency. However, for U.S. dollars, Australian dollars, Canadian dollars and Swiss francs, the principal financial center will be New York City, Sydney, Toronto and Zurich, respectively.

As used in this Product Supplement, a “London Business Day” means any day that is a Monday, Tuesday, Wednesday, Thursday or Friday and on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market, and a “Euro Business Day” means any day that is a Monday, Tuesday, Wednesday, Thursday or Friday on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System is open.

## **Business Day Convention**

Business Day Conventions are procedures used to adjust certain dates (*e.g.*, Coupon Payment Dates, redemption dates, etc.) in response to days that are not Business Days. The descriptions below use payment dates for example purposes.

- *Following Business Day.* Any payment on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day.
- *Modified Following Business Day.* Any payment on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day, unless that day falls in the next calendar month, in which case the payment date will be the first preceding day that is a Business Day.
- *Preceding Business Day.* Any payment on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the first preceding day that is a Business Day.

In each case, if a payment is made on the following or preceding Business Day in accordance with the procedures described above with the same effect as if paid on the original due date and without payment of any additional coupon, the Business Day Convention is “Unadjusted”.

## **Day Count Convention**

A “Day Count Convention” is a method to calculate the fraction of a year between two dates. The applicable Supplement will specify the Day Count Convention, if any.

- *ACT/360 or Actual/360*. The actual number of days between two periods divided by 360.
- *30/360*. Each month is treated as having 30 days and the year is considered to have 360 days.
- *ACT/ACT or Actual/Actual*. Each month represents the actual number of days divided by the actual number of days in the year.
- *ACT/365 or Actual/365 Fixed*. Each month represents the actual number of days, and the year is assumed to have 365 days, regardless of leap year status.
- *NL/365*. “No Leap Year” logic extension to ACT/365 where leap days are subtracted, ensuring the quotient never exceeds 1.
- *30/365*. Extension to 30/360 where each month is treated as having 30 days and the year is considered to have 365 days.
- *ACT/366 or Actual/366*. Extension to ACT/365 where each month represents the actual number of days and the denominator is set to 366, ensuring the quotient never exceeds 1.
- *ACT/252 or BUS/252 or Actual/252 or Business Days/252*. The number of Business Days in a nominal year of 252 Business Days. (Weekends and holidays are excluded; thus, Friday to Monday would be considered 1 day.)

## **Redemption and Repurchase**

### ***Early Redemption by Issuer***

The applicable Supplement will indicate the terms of the option, if any, we have to redeem the Notes, in whole or in part (“Early Redemption Option by Issuer”). We will notify each holder, or in the case of Global Notes, the depository, as holder of the Global Notes within the redemption notice period specified in the applicable Supplement. The Notes will not be subject to any sinking fund. See “Terms and Conditions of the Notes—Redemption and Purchase” in the accompanying Base Prospectus.

### ***Early Redemption by Holder***

The applicable Supplement will indicate the terms of the option holders have to redeem the Notes, in whole or in part (“Early Redemption Option by Holder”). The applicable Supplement will indicate the notification requirements that holders must follow to effect its Early Redemption Option by Holder. Unless otherwise indicated in the Supplement, in order for holders to redeem its Notes on a Holder Redemption Date, holders must deliver a notice of redemption to us via email no later than 4:00 p.m. New York City time, on the Business Day prior to the applicable Valuation Date and follow the Holder Procedures. For purposes of this section, “Valuation Date” means the business days indicated in the Supplement (subject to the occurrence of a Market Disruption Event), or if such date is not a trading day, the next succeeding trading day, not to exceed five business days.

### ***Optional Redemption Dates***

We, at our election, may redeem the Notes in whole or in part on any “Optional Redemption Date”. The applicable Supplement will indicate the Optional Redemption Dates and the respective Business Day Convention.

### ***Redemption Price***

If we exercise any Early Redemption Option by Issuer we have, we will pay you the “Redemption Price” which is the price per Note, together with any accrued but unpaid coupon thereon to (but excluding) the Early Redemption Date.

Unless stated otherwise in the applicable Supplement, the Early Redemption Date will be governed by the Following Business Day convention and coupon will not accrue during the period from and after the stated Early Redemption Date. See “Terms of the Notes—Business Day Convention”.

### ***Repayment at Option of the Holder***

The applicable Supplement will indicate whether the holder has the option to require us to repay the Note on a date or dates specified prior to its Maturity Date (“Repayment Option”). The repayment price will be disclosed in the applicable Supplement. If the Notes were issued with original issue discount, the applicable Supplement will specify the amount payable upon repayment.

Exercise of the Repayment Option by the holder of a Note will be irrevocable. Unless otherwise indicated in the applicable Supplement, the holder may exercise the Repayment Option for less than the entire principal amount of the Note but, in that event, the principal amount of the Note remaining outstanding after repayment must be an authorized denomination.

### ***Special Requirements for Optional Repayment of Global Notes***

Since the Notes are represented by Global Notes, the depository or depository’s nominee will be the holder of the Notes and therefore will be the only entity that can exercise a right to repayment. To ensure that the depository’s nominee will timely exercise a right to repayment of a particular Note, the beneficial owner of the Note must instruct the broker or other direct or indirect participant through which it holds an interest in the Note to notify the depository of its desire to exercise a right to repayment. Each beneficial owner of the Note should consult the broker or other direct or indirect participant through which it holds an interest in a Note in order to ascertain the cut-off time by which an instruction must be given for timely notice to be delivered to the depository.

## **COUPON MECHANICS**

### **How Interest Is Calculated**

Interest on Notes will accrue from and include the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and include the original issue date or any other date specified in the applicable Supplement on which interest begins to accrue. Interest will accrue to but exclude the next Interest Payment Date or, the date on which the principal has been paid or duly made available for payment, except as described under “—If a Payment Date Is Not a Business Day” herein.

Accrued interest on a floating rate Note during an interest period with more than one Interest Reset Date will be calculated by multiplying the principal amount of the Note by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the applicable interest period. Unless otherwise specified in the applicable Supplement, the interest factor for each such day will be computed by dividing the interest rate in effect on that day by 360, in the case of CD Rate Notes, Commercial Paper Rate Notes, federal funds rate Notes, Libor Notes, EURIBOR Notes, Prime Rate Notes, Eleventh District Cost of Funds Rate Notes and CMS Rate Notes. In the case of CMT Rate Notes and Treasury Rate Notes, the interest factor for each such day will be computed by dividing the interest rate by the actual number of days in the year. The interest factor will be expressed as a decimal calculated to seven decimal places without rounding. For purposes of making the foregoing calculation, the interest rate in effect on any Interest Reset Date will be the applicable rate as reset on that date.

For all other floating rate Notes, accrued interest will be calculated by multiplying the principal amount of the Note by the interest rate in effect during the applicable interest period. That product is then multiplied by the quotient

obtained by dividing the actual number of days in the period for which accrued interest is being calculated by 360, in the case of CD Rate Notes, Commercial Paper Rate Notes, federal funds rate Notes, Libor Notes, EURIBOR Notes, Prime Rate Notes, Eleventh District Cost of Funds Rate Notes and CMS Rate Notes. In the case of CMT Notes and Treasury Rate Notes, the product is multiplied by the quotient obtained by dividing the actual number of days in the period for which accrued interest is being calculated by the actual number of days in the year.

### **Regular Record Dates for Interest**

In the event that the Notes are issued as “Global Notes”, the ultimate beneficial owners of the Notes are indirect holders and interest will be paid to the person in whose name the Notes are registered at the close of business on the regular record date before each Interest Payment Date. The regular record date relating to an Interest Payment Date for the Notes issued as Global Notes will be the date one Business Day prior to the Interest Payment Date, whether or not that Interest Payment Date is a Business Day; *provided that* for an Interest Payment Date that is also the Maturity Date, the interest payable on that Interest Payment Date will be payable to the person to whom the principal is payable. If the Interest Payment Date is also a day on which principal is due, the interest payable will include interest accrued to, but excluding, the Maturity Date. If a Note is issued between a record date and an Interest Payment Date, the first interest payment will be made on the next succeeding Interest Payment Date. For the purpose of determining the holder at the close of business on a regular record date, the close of business will mean 5:00 p.m., New York City time, on that day.

### **If a Payment Date Is Not a Business Day**

If any scheduled Interest Payment Date, Maturity Date or any earlier redemption or repayment date, is not a Business Day, we may pay interest or principal according to a designated Business Day Convention, which may be the same for all of those dates or different for each date. See “Terms of the Notes—Business Day Convention”. Interest on that payment may or may not accrue during the period from and after the scheduled or stated payment date. Unless the applicable Supplement states otherwise, we will pay interest or principal according to the Following Business Day Convention, Unadjusted (*i.e.*, interest on that payment will not accrue during the period from and after the scheduled date).

No interest will accrue and be payable on your Notes after the Maturity Date specified in the applicable Supplement if the Maturity Date is postponed or extended.

### **Interest Payment Dates or Coupon Payment Dates**

Subject to adjustment in accordance with the Business Day Convention, the “Interest Payment Dates” or “Coupon Payment Dates” are the dates payments of interest on Notes will be made. The Interest Payment Dates will be specified in the applicable Supplement. See “Terms of the Notes—Coupon Payments” and “Coupon Mechanics—Regular Record Dates for Interest” in this Product Supplement.

### **How Floating Interest Rates Are Reset**

The interest rate in effect from the date of issue to the first Interest Reset Date for a floating rate Note will be the Initial Interest Rate specified in the applicable Supplement. We refer to this rate as the “Initial Interest Rate”. The interest rate on each floating rate Note may be reset daily, weekly, monthly, quarterly, semi-annually or annually. This period is the “Interest Reset Period” and the first day of each Interest Reset Period is the “Interest Reset Date”.

Unless otherwise specified in the applicable Supplement, if an Interest Reset Date for any floating rate Note (other than a Libor Note, EURIBOR Note or federal funds rate Note) would fall on a day that is not a Business Day, the Interest Reset Date will be postponed to the next Following Business Day. If an Interest Reset Date for a Libor Note would fall on a day that is not a London Business Day, the Interest Reset Date will be postponed to the next modified following London Business Day. If an Interest Reset Date for a EURIBOR Note would fall on a day that is not a Euro Business Day, the Interest Reset Date will be postponed to the next modified following Euro Business Day. If an Interest Reset Date, in the case of a Federal Funds (Open) Rate Note or a Federal Funds (Effective) Rate Note, would fall on a day that is not a Business Day, the Interest Reset Date will be postponed to the next modified

Following Business Day. If an auction of direct obligations of U.S. Treasury bills falls on a day that is an Interest Reset Date for Treasury Rate Notes, the Interest Reset Date will be the Following Business Day.

The rate of interest that goes into effect on any Interest Reset Date will be determined by the Calculation Agent by reference to a particular date called an “Interest Determination Date”. Unless otherwise specified in the applicable Supplement:

For Federal Funds (Open) Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the same day as the Interest Reset Date.

For Prime Rate Notes and Federal Funds (Effective) Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the first Business Day preceding the Interest Reset Date.

For Commercial Paper Rate Notes, CD Rate Notes, CMS Rate Notes and CMT Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the second Business Day preceding the Interest Reset Date.

For Libor Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the second London Business Day before the Interest Reset Date, unless the Index Currency is pounds sterling, in which case the Interest Determination Date will be the Interest Reset Date.

For EURIBOR Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the second Euro Business Day preceding the Interest Reset Date.

For Treasury Rate Notes, the Interest Determination Date for a particular Interest Reset Date will be the day of the week in which the Interest Reset Date falls on which treasury securities would normally be auctioned. Treasury securities are normally sold at auction on Monday of each week unless that day is a legal holiday. In that case the auction is normally held on the following Tuesday, except that the auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is held on the preceding Friday, that Friday will be the Treasury Rate Interest Determination Date pertaining to the Interest Reset Date falling in the next week. If an auction date falls on any day that would otherwise be an Interest Reset Date for a Treasury Rate Note, then that Interest Reset Date will instead be the Business Day immediately following the auction date.

For Eleventh District Cost of Funds Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the last working day, in the first calendar month before that Interest Reset Date, on which the Federal Home Loan Bank of San Francisco publishes the monthly average cost of funds paid by a member institutions of the Eleventh Federal Home Loan Bank District for the second calendar month before that Interest Reset Date.

The “Index Maturity” for any floating rate Note is the period of maturity of the instrument or obligation from which the Underlying Asset or base rate is calculated.

### **CERTAIN FEATURES OF THE NOTES**

*To the extent the amounts payable on the Notes are based on a Underlying Asset or formula other than the rates or formulas described in this Product Supplement, the terms of this Product Supplement will be amended in the applicable Supplement to account for such Underlying Asset or formula.*

*Your Notes may incorporate several or none of these features or additional features which will be specified in the applicable Supplement.*

#### **Bull Notes**

“Bull Notes” are offerings where the payment at maturity and/or Coupon Payments are linked to the increase in the level, value or price of the Underlying Asset. Unless otherwise specified in the applicable Supplement, the Notes will be Bull Notes.

## **Bear Notes**

“Bear Notes” are offerings where the payment at maturity and/or Coupon Payments are linked to the decrease in the level, value or price of the Underlying Asset.

## **Digital Notes**

Whether a coupon, principal or other amounts are payable on “Digital Notes” depends on whether the Underlying Asset has achieved certain levels, values or prices set forth in the applicable Supplement, however, the amount of the payments, if any, may or may not be dependent on the Underlying Asset. For example, if the Final Price of the Underlying Asset is greater than the Initial Price of the Underlying Asset, the Coupon Payment you receive with respect to the Notes and the principal payment you receive at maturity will be a fixed amount and not reflect the performance of the Underlying Asset. Under no circumstances, regardless of the extent to which the value of the Underlying Asset appreciates, will your return exceed the applicable interest rate. In this example, if the Underlying Asset has appreciated by 50% as of the Final Valuation Date, you will receive only your principal amount plus the applicable Coupon Payments made at maturity on the Notes. You may earn significantly less by investing in Digital Notes than you would have earned by investing directly in the Underlying Asset.

## **Rate Cut-off**

The “Rate Cut-Off Period” is the specified period during which coupon accrues on the Notes immediately prior to an Interest Payment Date, to but excluding the Interest Payment Date. The Underlying Asset for purposes of determining the amount payable for each day during the Rate Cut-Off period will be set a specified number of Business Days prior to the related Interest Payment Date using the applicable coupon rate immediately preceding the start of the Rate Cut-Off Period, and will remain in effect until the related Interest Payment Date.

## **Coupon Conversion Right**

A “Coupon Conversion Right” will allow us to elect to convert all of your Notes on a “Conversion Rate” so that instead of accruing interest, the Notes will pay interest periodically at the interest rate on each Interest Payment Date following the Conversion Date.

## **Inverse Floating Rates**

Any floating rate may be designated in the applicable Supplement as an inverse floating rate. In that case, unless otherwise specified in the applicable Supplement, the interest rate on the floating rate Note will be equal to:

- (a) the Initial Interest Rate or another fixed rate of interest specified in the applicable Supplement for the period commencing on the original issue date, or the date on which the Note otherwise begins to accrue interest if different from the original issue date, up to the first Interest Reset Date; and
- (b) a fixed rate of interest specified in the applicable Supplement minus the interest rate determined by the reference rate(s) as adjusted by any multiplier for the period commencing on an Interest Reset Date.

Commencing on the first Interest Reset Date, the rate at which interest on the Inverse Floating Rate Note is payable will be reset as of each Interest Reset Date.

The interest rate will be determined in accordance with the applicable provisions below. The interest rate in effect on each day will be based on:

- if the day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the applicable Interest Reset Date; or
- if the day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

### **Maximum Return, Maximum Rate, Ceiling or Cap**

The principal, coupon or any other amounts payable on the Notes may be subject to a “Maximum Return”, “Maximum Rate”, “Ceiling” or a “Cap” limiting the rate of return or coupon, which may accrue during the term of the Notes or during any Coupon Payment period.

### **Minimum Rate or Floor**

The principal, interest or any other amounts payable on the Notes may be subject to a “Minimum Rate” or “Floor” guaranteeing a minimum rate of return or interest, which may accrue during the term of the Notes or during any Interest Payment Period.

### **Spread**

The “Spread” is the number of basis points (where one basis point equals one one-hundredth of a percentage point) which may be specified in the applicable Supplement to be added to or subtracted from the Underlying Asset value or other formula. The Spread may also be expressed as a percentage where one percentage point is 100 basis points.

### **Multiplier**

The “Multiplier” is the number of basis points or percentage points which may be specified in the applicable Supplement to be multiplied by the Underlying Asset value or formula.

### **Ranges or Range Accruals**

“Ranges” or “Range Accruals” are structures where the principal, coupon or any other amounts payable on the Notes only accrue if the level, value or price of an Underlying Asset is within a specified “range” or above or below a certain threshold value.

### **Upside Leverage Factor or Participation Rate**

The principal, coupon or any other amounts payable on the Notes may be subject to an “Upside Leverage Factor” or “Participation Rate”, which will have the effect of increasing your participation in the possible return, if any, on the Notes. The Upside Leverage Factor or Participation Rate may or may not be expressed as a percentage (*i.e.*, expressed as 250% or 2.50).

We refer to an Upside Leverage Factor or Participation Rate that is less than 100% or 1.00 as a “Drag Leverage Factor”.

### **Downside Leverage Factor**

The principal, coupon or any other amounts payable on the Notes may be subject to a “Downside Leverage Factor”, which will have the effect of increasing your participation on the possible negative return, if any, on the Notes. As a result, small negative changes in the Underlying Asset will be magnified and have a greater effect than Notes without a Downside Leverage Factor. The Downside Leverage Factor may or may not be expressed as a percentage (*i.e.*, expressed as 125% or 1.25).

### **Barrier Percentage, Barrier Level or Protection Level, Protection Price, or Protection Price Level**

The principal, coupon or any other amounts payable on the Notes may be subject to a “Barrier Percentage”. Payment at maturity will be contingent upon whether the Closing Level of the Underlying Asset declines and falls below a level equal to the product of the Initial Level and Barrier Percentage (the Barrier Percentage is also referred to as the “Barrier Level” or “Barrier Price”) at any time from and including the issue date to and including the Final Valuation Date. The amount you receive may depend on whether the Closing Level ever fell below the Barrier Level during the term of the Notes. We may also use the term “Protection Level”, “Protection Price”, and “Protection Price Level” which is equal to the product of the Initial Price multiplied by the Protection Level.

### **Buffer Percentage or Buffer Level**

The principal payment at maturity may be fully protected against a decline in the Underlying Asset up to a “Buffer Percentage” or “Buffer Level”. In a Bull Note, if the performance of the Underlying Asset, as calculated on the Final Valuation Date, is greater than or equal to the Buffer Percentage, your principal is fully protected. Your principal is fully exposed to any decline in the Underlying Asset below the Buffer Percentage. For every 1% decline of the Underlying Asset beyond the Buffer Percentage, you will lose an amount equal to 1% of the principal amount of your Notes multiplied by the Downside Leverage Factor, if any.

### **Strike Level**

The “Strike Level” is a level other than the Initial Level used to calculate the performance of the Underlying Asset.

### **Initial Basket Level, Initial Level or Initial Price**

The “Initial Basket Level”, “Initial Level” or “Initial Price” is the Closing Level or Closing Price of the Underlying Asset on the Initial Valuation Date or other date as specified in the applicable Supplement.

### **Final Level or Final Price**

The “Final Level” or “Final Price” is the Closing Level or Closing Price of the Underlying Asset on the Final Valuation Date or the arithmetic average of the Closing Levels or Prices of the Underlying Asset on each of the Valuation Dates or any other date or dates specified in the Supplement.

### **Closing Level or Closing Price**

The “Closing Level” or “Closing Price” on any day during the term of the Notes will be the closing level of the Underlying Asset as determined by the Calculation Agent based upon the determinations with respect thereto made by the related Sponsor.

### **Initial Valuation Date, Initial Observation Date or Initial Averaging Date**

The Initial Level or Initial Price may be calculated or based on one or more dates, the “Initial Valuation Date”, “Initial Observation Date” or the “Initial Averaging Date” which will be the first Valuation Date, Observation Date or Averaging Date, respectively. The Initial Valuation Date, Initial Observation Date or Initial Averaging Date will be the date stated in the applicable Supplement. For purposes of this Product Supplement, the Initial Valuation Date, Initial Observation Date and Initial Averaging Date shall herein be collectively referred to as the “Initial Valuation Date”.

### **Valuation Dates, Observation Dates, Averaging Dates, or Observation Period**

The Final Level or Final Price may be calculated or based on more than one date, the “Observation Dates”, “Valuation Dates”, “Averaging Dates”, or “Observation Period”. Each date or dates will be the date stated in the applicable Supplement, unless the Calculation Agent determines that a Market Disruption Event occurs or is continuing on any respective day. In that event, the Valuation Date, Observation Date or Averaging Date will be postponed as described under “Underlying Assets—Securities or Linked Shares—Market Disruption Events for Notes Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset” with respect to Underlying Assets comprised of an equity security or interests in exchange-traded funds, “Underlying Assets—Indices—Market Disruption Events for Notes with the Underlying Asset Comprised of an Index or Indices” with respect to Underlying Assets comprised of an index, “Underlying Assets—Commodities—Market Disruption Events Relating to Notes with a Commodity as the Underlying Asset” with respect to Underlying Assets comprised of a commodity and “Underlying Assets—Currency Exchange Rates—Market Disruption Events Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates” with respect to Underlying Assets comprised of a currency exchange rate.



Where the Underlying Asset is comprised of a floating interest rate, the Calculation Agent shall calculate the level, value or price for a disrupted Valuation Date, Observation Date or Averaging Date as described under “Underlying Assets—Floating Interest Rate—Market Disruption Event Relating to Notes with a Floating Interest Rate as the Underlying Asset”.

For purposes of this Product Supplement, Valuation Dates, Observation Dates and Averaging Dates shall be collectively referred to as “Valuation Dates”.

#### **Final Valuation Date, Final Observation Date or Final Averaging Date**

The Final Level or Final Price may be calculated or based on one or more dates, the “Final Valuation Date”, “Final Observation Date” or the “Final Averaging Date” which will be the last Valuation Date, Observation Date or Averaging Date, respectively. The Final Valuation Date, Final Observation Date or Final Averaging Date will be the date stated in the applicable Supplement, unless the Calculation Agent determines that a Market Disruption Event occurs or is continuing on that day. In that event, the Final Valuation Date, Final Observation Date or Final Averaging Date will be postponed as described under “Underlying Assets—Securities or Linked Shares—Market Disruption Events for Notes Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset” with respect to Underlying Assets comprised of an equity security or interests in exchange-traded funds, “Underlying Assets—Indices—Market Disruption Events for Notes with the Underlying Asset Comprised of an Index or Indices” with respect to Underlying Assets comprised of an index, “Underlying Assets—Commodities—Market Disruption Events Relating to Notes with a Commodity as the Underlying Asset” with respect to Underlying Assets comprised of a commodity and “Underlying Assets—Currency Exchange Rates—Market Disruption Events Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates” with respect to Underlying Assets comprised of a currency exchange rate.

Where the Underlying Asset is comprised of a floating interest rate, the Calculation Agent shall calculate the Final Level, value or price for a disrupted Valuation Date, Observation Date or Averaging Date as described under “Underlying Assets—Floating Interest Rate—Market Disruption Event Relating to Notes with a Floating Interest Rate as the Underlying Asset”.

For purposes of this Product Supplement, the Final Valuation Date, Final Observation Date and Final Averaging Date shall herein be collectively referred to as the “Final Valuation Date”.

#### **Issuer Fee**

The “Issuer Fee” equals an annual percentage multiplied by the number of years in the term of the Notes, applied to the principal amount of the Notes with daily accrual.

#### **Basket Return or Basket Performance**

The “Basket Return” or “Basket Performance” is the performance of a basket of Underlying Assets, calculated as the percentage change in the Final Basket Level as compared to the Initial Basket Level or Strike Basket Level.

#### **Strike Basket Level**

The “Strike Basket Level” is a level other than the Initial Basket Level used to calculate the Basket Return.

#### **Basket Level**

The “Basket Level” is a function of the levels, values or prices of each component in the basket and will be determined by a formula set forth in the applicable Supplement.

#### **Final Basket Level**

The “Final Basket Level” is the Basket Level on the Basket Final Valuation Date or the arithmetic average of the Basket Levels on each of the Basket Valuation Dates or any other date or dates as specified in the Supplement.

### **Basket Valuation Dates, Basket Observation Dates or Basket Averaging Dates**

The Final Basket Level may be calculated or based on more than one date, the “Basket Valuation Dates”, “Basket Observation Dates” or “Basket Averaging Dates”. Each date will be the date stated in the applicable Supplement, unless the Calculation Agent determines that a Market Disruption Event occurs or is continuing on any respective day. In that event, the “Basket Valuation Dates”, “Basket Observation Dates” or “Basket Averaging Dates” will be postponed as described under “Underlying Assets—Baskets—Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof”.

For purposes of this Product Supplement, Basket Valuation Dates, Basket Observation Dates and Basket Averaging Dates shall herein be collectively referred to as “Basket Valuation Dates”.

### **Basket Final Valuation Date, Basket Final Observation Date or Basket Final Averaging Date**

The last Basket Valuation Date, Basket Observation Date or Averaging Date will be referred to as the “Basket Final Valuation Date”, “Basket Final Observation Date” or “Basket Final Averaging Date”, respectively, and will be the date stated in the applicable Supplement, unless the Calculation Agent determines that a Market Disruption Event occurs or is continuing on that day. In that event, the “Basket Final Valuation Date”, “Basket Final Observation Date” or “Basket Final Averaging Date” will be postponed as described under “Underlying Assets—Baskets—Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof”.

For purposes of this Product Supplement, the Basket Final Valuation Date, Basket Final Observation Date and Basket Final Averaging Date shall herein be collectively referred to as the “Basket Final Valuation Date”.

### **Underlying Asset Performance**

The “Underlying Asset Performance” is equal to the Final Level divided by the Initial Level, expressed as a percentage.

### **Lesser Return**

If specified in the applicable Supplement, the payment at maturity and/or Coupon Payments will be linked to the performance of the Underlying Asset with the lowest return in a group of two or more Underlying Assets (the “Lesser Return”).

### **Worst Performing Underlying Asset or Lesser Performing Underlying Asset**

The “Worst Performing Underlying Asset” or “Lesser Performing Underlying Asset” is the Underlying Asset with the Lesser Return.

### **Knock-Out Event**

A “Knock-Out Event” occurs if the Closing Level or Closing Price, during the period specified in the applicable Supplement, for any Underlying Asset is greater than the Upper Knock-Out Level or less than the Lower Knock-Out Level.

### **Upper Knock-Out Level or Lower Knock-Out Level**

The “Upper Knock-Out Level” or “Lower Knock-Out Level” is a percentage, as specified in the applicable Supplement, of the Initial Level or Initial Price for an Underlying Asset.

## **Absolute Performance**

For an Underlying Asset, is equal to the quotient, expressed as a percentage, of (i) the absolute value of the difference of (x) the Final Level or Final Price for an Underlying Asset minus (y) the Initial Level or Initial Price for such Underlying Asset, divided by (ii) the Initial Level or Initial Price for such Underlying Asset. For example, a percentage change of -14.75% will equal an Absolute Performance of 14.75%.

## **Exchangeable Notes**

We may issue Notes, referred to as “Exchangeable Notes”, that are optionally or mandatorily exchangeable into cash or property. The Exchangeable Notes may or may not bear interest or be issued with original issue discount or at a premium. Exercise of the repayment option by the holder of a Note will be irrevocable.

*Optionally Exchangeable Notes.* The holder of an Exchangeable Note may, during a period, or at a specific time or times, require us to repay the Note for cash at a specified price.

*Mandatorily Exchangeable Notes.* The holder of a Mandatorily Exchangeable Note must exchange the Note for specified property at a specified rate of exchange, and therefore, depending upon the value of the specified property at maturity, the holder of a Mandatorily Exchangeable Note may receive less than the principal amount of the Note at maturity. If so indicated in the applicable Supplement, the specified rate at which a Mandatorily Exchangeable Note may be exchanged may vary depending on the value of specified property. Mandatorily Exchangeable Notes may include Notes where we have the right, but not the obligation, to require holders of Notes to exchange their Notes for the specified property.

*Payment Upon Exchange.* The applicable Supplement will specify whether upon exchange, at maturity or otherwise, the holder of an Exchangeable Note may receive, at the specified currency exchange rate, either the specified property or the cash value of the specified property. The specified property may be the securities of either U.S. or foreign entities or both. The Exchangeable Notes may or may not provide for protection against fluctuations in the currency exchange rate between the currency in which that Note is denominated and the currency or currencies in which the market prices of the specified property are quoted. Exchangeable Notes may have other terms and will be specified in the applicable Supplement.

## **Extendible Maturity Date**

We may offer Notes which will mature on an initial Maturity Date specified in the applicable Supplement, unless the holder extends the term of the Note at its option for the period or periods specified in the applicable Supplement. The extension may be made on the initial “Renewal Date”, which will be the Interest Payment Date so specified in the applicable Supplement, prior to the initial Maturity Date of the Note. Subsequent Renewal Dates will be specified in the applicable Supplement. Despite the foregoing, the term of the Extendible Note may not be extended beyond the final Maturity Date specified in the applicable Supplement.

If a holder does not elect to extend the term of any portion of the principal amount of an Extendible Note during the specified period prior to any Renewal Date, that portion will become due and payable on the existing Maturity Date.

An election to renew the term of an Extendible Note may be made by delivering a notice to that effect to the trustee or any duly appointed paying agent at the corporate trust office of the trustee or agency of the trustee in New York City. The notice must be delivered not less than three nor more than 15 days prior to the Renewal Date (unless another period is specified in the applicable Supplement as the notice period). The election will be irrevocable and will be binding upon each subsequent holder of the Extendible Note.

An election to renew the term of an Extendible Note may be exercised for less than the entire principal amount of the Extendible Note only if so specified in the applicable Supplement and only in the amount, or any integral multiple in excess of that amount, that is specified in the applicable Supplement.

If the holder does not elect to renew the term, a new Note will be issued in exchange for the Extendible Note on the extension date. If the Extendible Note is a certificate issued in definitive form, it must be presented to the trustee as

soon as practicable following receipt of the new Note. The new Note will be in a principal amount equal to the principal amount of the exchanged Extendible Note for which no election to renew the term was exercised, with terms identical to those specified on the Extendible Note. However, the Note will have a fixed stated maturity on then-existing Maturity Date.

If an election to renew is made for less than the full principal amount of a holder's Extendible Note, the trustee, or any duly appointed paying agent, will issue in exchange for the Note in the name of the holder, a replacement Extendible Note. The replacement Extendible Note will be in a principal amount equal to the principal amount elected to be renewed of the exchanged Extendible Note, with terms otherwise identical to the exchanged Extendible Note.

If a Note is represented by a global security, DTC's nominee will be the holder of the Note and, therefore, will be the only entity that can exercise a right to extend a Note. In order to ensure that DTC's nominee will timely exercise an extension right relating to a particular Note, the beneficial owner of the Note must instruct the broker or other direct or indirect participant through which it holds an interest in the Note to notify DTC of its desire to exercise an extension right. Different firms have different cut-off times for accepting instructions from their customers. Accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a Note in order to ascertain the cut-off time by which that type of instruction must be given for timely notice to be delivered to DTC.

### **Autocallable Notes**

The applicable Supplement will indicate the terms of our option, if any, to call or redeem the Notes, in whole or in part. We will notify each holder, or in the case of Global Notes, the depositary, as holder of the Global Notes within the notice period for the call or redemption specified in the applicable Supplement. See "Terms of the Notes—Redemption and Repurchase".

#### ***Automatic Call***

If specified in the applicable Supplement, the Notes will be automatically "Callable" or "Redeemable". If the level of the Underlying Asset on any Review Date is equal to or greater than the Call Level, the autocallable Notes will automatically be redeemed for a cash payment as detailed in the applicable Supplement.

#### ***Call Level***

The "Call Level" is the minimum level of the Underlying Asset which triggers an automatic call on a Review Date and payment of the applicable Call Premium.

#### ***Call Premium, Call Price and Redemption Price***

The "Call Premium", Call Price or Redemption Price is the additional amount which we will pay you if the Notes are called or redeemed. The Call Premium can be expressed as a percentage and will be specified in the applicable Supplement.

The "Call Price" or "Redemption Price" is the aggregate amount, including the Call Premium, if any, which we will pay you if the Notes are called or redeemed. The Call Price or Redemption Price can be expressed as a percentage and will be specified in the applicable Supplement.

If the Notes are automatically called, payment will be made on the fifth Business Day after the applicable Review Date, subject to postponement in the event of certain Market Disruption Events. If the Notes are automatically called on the last Review Date, we will redeem each Note and pay you on the Maturity Date.

The applicable Supplement will indicate the Call Premium, if any, the Call Price, the Review Dates, the Optional Call Dates or the Optional Redemption Dates and the respective Business Day Convention(s).

### ***Review Dates***

If the Notes are automatically Callable, the Review Dates will be detailed in the applicable Supplement and are subject to postponement in the event of certain Market Disruption Events.

If a Review Date (including the final Review Date) is not a Business Day or if there is a Market Disruption Event on that day, the applicable Review Date will be the first Following Business Day on which the Calculation Agent determines that a Market Disruption Event does not occur and is not continuing. In no event, however, will the Review Date be postponed by more than five Business Days. If the Closing Level or Closing Price of the Underlying Asset is not available on the last possible Review Date either because of a Market Disruption Event or for any other reason, the Calculation Agent will make an estimate of the Closing Level or Closing Price for each Underlying Asset for that Review Date that would have prevailed in the absence of the Market Disruption Event.

If, due to a Market Disruption Event or otherwise, a Review Date (other than the final Review Date) is postponed so that it falls less than five Business Days prior to the scheduled Optional Call Dates or Optional Redemption Dates, the date on which the Call Price for that Review Date will be paid, if any, will be the fifth Business Day following the Review Date as postponed, unless otherwise specified in the applicable Supplement.

### ***Optional Call Dates or Optional Redemption Dates***

We, at our election, may call or redeem the Notes in whole or in part on any Optional Call Date or any Optional Redemption Date. The applicable Supplement will indicate the Optional Call Dates or the Optional Redemption Dates and the respective Business Day Convention.

### **Reverse Convertible Notes**

#### ***No Principal Protection***

If the Notes are “Reverse Convertible Notes”, the principal amount of your investment is not protected and you may receive less, and possibly significantly less, than the amount you invested. The amount of the principal payment at maturity will depend on two variables: (i) the price or level of the Underlying Asset; and (ii) the relationship between the Final Price and the Initial Price of the Underlying Asset.

You will receive 100% of your principal at maturity if, either of the following is true: (i) the Final Price or Final Level is equal to or greater than the Initial Price or Initial Level of the Underlying Asset; or (ii) the price or level of the Underlying Asset on any day never falls below the Protection Price during the term of the Notes.

However, the Notes will not be principal protected if both of the following are true: (i) the Final Price or Final Level is less than the Initial Price or Initial Level of the Underlying Asset; and (ii) the price of the Underlying Asset on any day falls below the Protection Price during the term of the Notes. If both of those conditions are true, the principal amount of your investment will not be protected and you will receive less, and possibly significantly less, than the amount you invested.

#### ***Payment at Maturity***

Your payment at maturity for each Note you hold will depend on the performance of the Underlying Asset between the Initial Valuation Date and the Final Valuation Date, inclusive. You will receive the full principal amount of your Notes at maturity unless: (a) the Final Price of the Underlying Asset is lower than the Initial Price of the Underlying Asset and (b) between the Initial Valuation Date and the Final Valuation Date, inclusive, the price of the Underlying Asset on any day is below the Protection Price. If the conditions described in (a) and (b) are both true, at maturity you will receive at our election, instead of the principal amount of your Notes, either (i) the Physical Delivery Amount of the Underlying Asset (Fractional Shares to be paid in cash in an amount equal to the Fractional Shares multiplied by the Final Price), or (ii) a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Underlying Asset; *provided that* the election of clause (i) is only available if the Underlying Asset is a security, or Linked Shares. See “Underlying Assets—Securities or Linked Shares” below.

In the event that the Maturity Date is postponed as described under “Terms of the Notes—Maturity Date” above, the related payment of principal will be made on the postponed Maturity Date.

*You may lose some or all of your principal if you invest in Reverse Convertible Notes.*

### **Physical Delivery Amount**

If the payment at maturity is in Linked Shares, the number of shares received is referred to as the “Physical Delivery Amount” (Fractional Shares to be paid in cash). The Physical Delivery Amount will be calculated by the Calculation Agent by dividing the principal amount of your Notes by the Initial Price of the Linked Shares, rounded down to the nearest whole number (the amount by which such quotient is rounded down is the “Fractional Share”). The “Fractional Share Amount” will be paid in cash and is equal to the product of the Fractional Share multiplied by the Final Price, rounded down to the nearest cent. The Physical Delivery Amount, the Initial Price of the Linked Shares and other amounts may change due to stock splits or other corporate actions. See “Underlying Assets—Securities or Linked Shares—Share Adjustments Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset—Antidilution Adjustments” below.

## **UNDERLYING ASSETS**

### **Fixed Income**

#### **Fixed Interest Rate**

If the applicable Notes have a fixed interest rate, the Notes for that particular offering will bear interest from and including the original issue date or any other date specified in the applicable Supplement at the annual rate stated in the applicable Supplement until the principal is paid or made available for payment.

#### **Floating Interest Rate**

If the applicable Notes have a floating interest rate, the Notes for that particular offering will bear interest at a floating rate determined by reference to an interest rate or interest rate formula. The Underlying Asset may be one or more of the following:

- the CD Rate,
- the CMS Rate,
- the CMT Rate,
- the Commercial Paper Rate,
- the Consumer Price Index,
- the Eleventh District Cost of Funds Rate,
- EURIBOR,
- the Federal Funds (Effective) Rate,
- the Federal Funds (Open) Rate,
- LIBOR,
- the Prime Rate,

- the SIFMA Rate
- the Treasury Rate,
- a combination of any, or
- any other rate or interest rate formula specified in the applicable Supplement and in the floating rate note.

***CD Rate***

The “CD Rate” means, for any Interest Determination Date, the rate on that date for negotiable U.S. dollar certificates of deposit having the Index Maturity specified in the applicable Supplement as published by the Board of Governors of the Federal Reserve System in “Statistical Release H.15(519), Selected Interest Rates”, or any successor publication of the Board of Governors of the Federal Reserve System (“H.15(519)”) under the heading “CDs (Secondary Market)”.

The following procedures will be followed if the CD Rate cannot be determined as described above:

- If the above rate is not published in H.15(519) by 3:00 p.m., New York City time, on the Interest Determination Date, the CD Rate will be the rate on that Interest Determination Date set forth in the daily update of H.15(519), available through the world wide website of the Board of Governors of the Federal Reserve System, or any successor site or publication, which is commonly referred to as the “H.15 Daily Update”, for the Interest Determination Date for certificates of deposit having the Index Maturity specified in the applicable Supplement , under the caption “CDs (Secondary Market)”.
- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Interest Determination Date, the Calculation Agent will determine the CD Rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that Interest Determination Date of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, which may include the agent and its affiliates, selected by the Calculation Agent, after consultation with us, for negotiable U.S. dollar certificates of deposit of major U.S. money center banks of the highest credit standing in the market for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified in the applicable Supplement in an amount that is representative for a single transaction in that market at that time.
- If the dealers selected by the Calculation Agent are not quoting as set forth above, the CD Rate for that Interest Determination Date will remain the CD Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

***CMS Rate***

The “CMS Rate” means, on any day during an Interest Payment Period, the rate for U.S. dollar swaps with a maturity for a specified number of years, expressed as a percentage in the applicable Supplement, which appears on Reuters Screen “ISDAFIX1” page as of 11:00 a.m., New York City time, on the related Interest Determination Date.

The following procedures will be used if the CMS Rate cannot be determined as described above:

- If the above rate is no longer displayed on the relevant page, or if not displayed by 11:00 a.m., New York City time, on the Interest Determination Date, then the CMS Rate will be the rate for U.S. dollar swaps with a maturity of the Notes designated in the applicable Supplement, expressed as a percentage, which appears on the Reuters Screen “ISDAFIX1” page as of 11:00 a.m., New York City time, on the Interest Determination Date.
- If that information is no longer displayed by 11:00 a.m., New York City time, on the Interest Determination Date, then the CMS Rate will be a percentage determined on the basis of the mid-market, semi-annual swap rate quotations provided by five leading swap dealers in the New York City interbank market at

approximately 11:00 a.m., New York City time, on the Interest Determination Date. For this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the maturity of the Notes designated in the applicable Supplement commencing on that Interest Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/ 360 day count basis, is equivalent to “LIBOR Moneyline Telerate” with a maturity of three months. The Calculation Agent will select the five swap dealers after consultation with us and will request the principal New York City office of each of those dealers to provide a quotation of its rate. If at least three quotations are provided, the CMS Rate for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

- If fewer than three leading swap dealers selected by the Calculation Agent are quoting as described above, the CMS Rate will remain the CMS Rate in effect on that Interest Determination Date or, if that Interest Determination Date is the first Interest Determination Date, the Initial Interest Rate.

### ***CMT Rate***

The “CMT Rate” means, for any Interest Determination Date, the rate as set forth in H.15(519) as defined below, under the caption “Treasury Constant Maturities”, for:

- the rate on that Interest Determination Date, if the Designated CMT Telerate page, as defined below, is 7051; and
- the week or the month, as applicable, ended immediately preceding the week in which the related Interest Determination Date occurs, if the Designated CMT Telerate page is 7052.

CMT Rates are yields interpolated by the United State Department of the Treasury from its daily yield curve. That yield curve, which relates to the yield on a U.S. Treasury security to its time to maturity, is based on the closing market bid yields on actively traded U.S. Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The yield values are read from the yield curve at fixed maturities. This method provides yields for a 2-year maturity, for example, even if no outstanding U.S. Treasury security has exactly 2 years remaining to maturity.

“USD-CMT-T7051” means that the rate for the Interest Determination Date will be a percentage equal to the yield for U.S. Treasury securities at “Constant Maturity” for a period of “Designated Maturity”, as specified in the applicable Supplement, and for that Interest Determination Date as set forth in H.15(519) under the caption “Treasury Constant Maturities”, as that yield is displayed on the Telerate page 7051 for the Interest Determination Date on the day that is two U.S. Government Securities Business Days prior to that Interest Determination Date. A “U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which the Bond Market Association (or its successor) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities. If that rate does not appear on the Telerate page 7051, the rate for that Interest Determination Date will be a percentage equal to the yield for U.S. Treasury securities at “Constant Maturity” for a period of the Designated Maturity and for that Interest Determination Date as set forth in H.15(519) under the caption “Treasury Constant Maturities”. If that rate does not appear in H.15(519), the rate for that Interest Determination Date will be the rate for a period of the Designated Maturity as may then be published by either the Federal Reserve System Board of Governors or the U.S. Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15-519.

“1-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 1 year.

“2-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 2 years.

“3-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 3 years.

“5-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 5 years.



“7-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 7 years.

“10-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 10 years.

“20-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 20 years.

“30-Year CMT Rate” means the USD-CMT-T7051 Rate with a Designated Maturity of 30 years.

The following procedures will be followed if the CMT Rate cannot be determined as described above:

- If the CMT Rate is not displayed on the relevant page by 3:30 p.m., New York City time on the related Interest Determination Date, then the CMT Rate will be a percentage equal to the yield for U.S. Treasury securities at “Constant Maturity” for the Designated CMT Maturity Index on the related Interest Determination Date as set forth in H.15(519) under the caption “Treasury Constant Maturities”.
- If the applicable rate described above does not appear in H.15(519) then the CMT Rate on the related Interest Determination Date will be the rate for the Designated CMT Maturity Index as may then be published by either the Board of Governors of the Federal Reserve System or the U.S. Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate page and published in the relevant H.15(519).
- If on the related Interest Determination Date, neither the Board of Governors of the Federal Reserve System nor the U.S. Department of the Treasury publishes a yield on U.S. Treasury securities at a “Constant Maturity” for the Designated CMT Maturity Index, the CMT Rate on the related Interest Determination Date will be calculated by the Calculation Agent and will be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the related Interest Determination Date, of three leading primary U.S. government securities dealers in New York City. The Calculation Agent will select five such securities dealers, and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for U.S. Treasury securities with an original maturity equal to the Designated CMT Maturity Index, a remaining term to maturity of no more than one year shorter than that Designated CMT Maturity Index and in a principal amount equal to the Representative Amount. If two bid prices with an original maturity as described above have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the U.S. Treasury security with the shorter remaining term to maturity will be used. The “Representative Amount” means an amount equal to the outstanding principal amount of the Notes.
- If fewer than five but more than two such prices are provided as requested, the CMT Rate for the related Interest Determination Date will be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of those quotations will be eliminated.
- If the Calculation Agent cannot obtain three U.S. Treasury securities quotations of the kind requested in the prior two paragraphs, the Calculation Agent will determine the CMT Rate to be the yield to maturity based on the arithmetic mean of the secondary market bid prices for U.S. Treasury securities, at approximately 3:30 p.m., New York City time, on the related Interest Determination Date of three leading primary U.S. government securities dealers in New York City. In selecting these bid prices, the Calculation Agent will request quotations from at least five of those securities dealers and will disregard the highest quotation (or if there is equality, one of the highest) and the lowest quotation (or if there is equality, one of the lowest) for U.S. Treasury securities with an original maturity greater than the Designated CMT Maturity Index, a remaining term to maturity closest to the Designated CMT Maturity Index and in a Representative Amount. If two U.S. Treasury securities with an original maturity longer than the Designated CMT Maturity Index have remaining terms to maturity that are equally close to the Designated CMT Maturity Index, the Calculation Agent will obtain quotations for the U.S. Treasury security with the shorter remaining term to maturity.

- If fewer than five but more than two of the leading primary U.S. government securities dealers provide quotes as described in the prior paragraph, then the CMT Rate will be based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of those quotations will be eliminated.
- If fewer than three leading primary U.S. government securities reference dealers selected by the Calculation Agent provide quotes as described above, the CMT Rate will be determined by the Calculation Agent.

“Designated CMT Telerate page” means the display on Moneyline Telerate, or any successor service, on the page designated in the applicable Supplement or any other page as may replace that page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no page is specified in the applicable Supplement the Designated CMT Telerate page will be 7052 for the most recent week.

“H.15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System, available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15/> or any successor site or publication. We make no representation or warranty as to the accuracy or completeness of the information displayed on that website, and that information is not incorporated by reference herein and should not be considered a part of this Product Supplement.

“Designated CMT Maturity Index” means the original period to maturity of the U.S. Treasury securities, which is either 1, 2, 3, 5, 7, 10, 20 or 30 years, specified in the applicable Supplement for which the CMT Rate will be calculated. If no maturity is specified in the applicable Supplement the Designated CMT Maturity Index will be two years.

### ***Commercial Paper Rate***

The “Commercial Paper Rate” means, for any Interest Determination Date, the Money Market Yield, calculated as described below, of the rate on that date for commercial paper having the Index Maturity specified in the applicable Supplement, as that rate is published in H.15(519), under the heading “Commercial Paper—Nonfinancial”.

The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the Interest Determination Date, then the Commercial Paper Rate will be the Money Market Yield of the rate on that Interest Determination Date for commercial paper of the Index Maturity specified in the applicable Supplement as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Commercial Paper—Nonfinancial”.
- If by 3:00 p.m., New York City time, on that Interest Determination Date the rate is not yet published in either H.15(519) or the H.15 Daily Update, then the Calculation Agent will determine the Commercial Paper Rate to be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that Interest Determination Date of three leading dealers of U.S. dollar commercial paper in New York City, which may include the agent and its affiliates, selected by the Calculation Agent, after consultation with us, for commercial paper of the Index Maturity specified in the applicable Supplement, placed for an industrial issuer whose bond rating is “AA”, or the equivalent, from a nationally recognized statistical rating agency.
- If the dealers selected by the Calculation Agent are not quoting as set forth above, the Commercial Paper Rate for that Interest Determination Date will remain the Commercial Paper Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The “Money Market Yield” will be a yield calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{(D \times 360)}{360 - (D \times M)} \times 100$$

where, “D” refers to the applicable per year rate for commercial paper quoted on a bank discount basis and expressed as a decimal and “M” refers to the actual number of days in the Interest Payment Period for which interest is being calculated.

### ***Consumer Price Index***

The “Consumer Price Index” or “CPI” means, for any Interest Determination Date, the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor (the “Bureau of Labor Statistics”) and reported on Bloomberg ticker “CPURNSA” or any successor service. The Bureau of Labor Statistics makes the majority of its consumer price index data and press releases publicly available immediately at the time of release. This material may be accessed electronically by means of the Bureau of Labor Statistics’ home page on the Internet at <http://www.bls.gov>. We make no representation or warranty as to the accuracy or completeness of the information displayed on that website, and that information is not incorporated by reference herein and should not be considered a part of this Product Supplement. The Consumer Price Index for a particular month is published during the following month. The Consumer Price Index is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors and dentists services, and drugs. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are included in determining consumer prices. Income taxes and investment items such as stocks, bonds and life insurance are not included. The Consumer Price Index includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. In calculating the Consumer Price Index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the Bureau of Labor Statistics to take into account changes in consumer expenditure patterns.

The Consumer Price Index is expressed in relative terms in relation to a time base reference period for which the level is set at 100. The time base reference period is the 1982–1984 average. Because the Consumer Price Index for the period from 1982–1984 is 100, an increase in the price of the fixed market basket of goods and services of 16.5% from that period would be shown as 116.5. If the Bureau of Labor Statistics rebases the Consumer Price Index when the Notes are outstanding, the Calculation Agent will continue to calculate inflation using 1982–1984 as the base reference period for so long as the current Consumer Price Index continues to be published. Any conversion by the Bureau of Labor Statistics to a new reference base will not affect the measurement of the percent changes in a given index series from one time period to another, except for rounding differences. Rebasing might affect the published “headline” number often quoted in the financial press, but the inflation calculation for the Notes should not be adversely affected by any rebasing because the Consumer Price Index based on 1982–1984 will be calculated using the percentage changes of the rebased Consumer Price Index.

The Bureau of Labor Statistics has made technical and methodological changes to the Consumer Price Index, and is likely to continue to do so. Examples of recent methodological changes include:

- the use of regression models to adjust for improvements in the quality of various goods (televisions, personal computers, etc.);
- the introduction of geometric averages to account for consumer substitution within the consumer price index categories; and
- changing the housing/shelter formula to increase rental equivalence estimation.

Similar changes in the future could affect the level of the Consumer Price Index and alter the interest payable on the Notes.

“CPI Performance” means the annual percentage change for a month, as specified in the applicable Supplement, prior to the month of the relevant Interest Payment Date (the “Reference Month”).

For example, if the performance of the Consumer Price Index is the annual percentage change in the Consumer Price Index for the third calendar month prior to the Reference Month, then the interest rate payable on June 30, 2006 will reflect the percentage change in the Consumer Price Index from March 2005 to March 2006 plus the applicable Spread, if any. The performance of the Consumer Price Index will be calculated as follows:

$$\text{Interest Rate} = \left( \frac{\text{CPI}_F - \text{CPI}_I}{\text{CPI}_I} \right)$$

where,

$\text{CPI}_F$  = CPI for the applicable Reference Month, as published on Bloomberg CPURNSA;

$\text{CPI}_I$  = CPI for the twelfth month, or otherwise as specified in the applicable Supplement, prior to the applicable Reference Month, as published on Bloomberg CPURNSA.

Using the example above, if CPI Performance for the second calendar month prior to the Reference Month was used, then the interest rate payable on June 30, 2006 will reflect the percentage change in the Consumer Price Index from April 2005 to April 2006 plus the applicable Spread, if any.

If the performance of the Consumer Price Index for a particular Reference Month is equal to or less than the Spread, you will not receive an interest payment on the corresponding Interest Payment Date. The interest payment on any Interest Payment Date will not be less than 0.00% per annum, unless specified in the applicable Supplement.

The following procedures will be followed if the Consumer Price Index cannot be determined as described above:

- If the Consumer Price Index is not reported on Bloomberg CPURNSA for a particular month by 3:00 PM on the Interest Determination Date, but has otherwise been published by the Bureau of Labor Statistics, the Calculation Agent will determine the Consumer Price Index as published by the Bureau of Labor Statistics for that month using any other source as the Calculation Agent deems appropriate.
- If the Consumer Price Index is rebased to a different year or period, the base reference period will continue to be the 1982-1984 reference period as long as the 1982-1984 Consumer Price Index continues to be published.
- If the Consumer Price Index for the Reference Month is subsequently revised by the Bureau of Labor Statistics, the Calculation Agent will continue to use the Consumer Price Index initially published by the Bureau of Labor Statistics on the Interest Reset Date.
- If, while the Notes are outstanding, the Consumer Price Index is discontinued or substantially altered, as determined by the Calculation Agent, the applicable substitute index for the Notes will be that chosen by the Secretary of the Treasury for the Department of Treasury’s Inflation-Linked Treasuries as described at 62 Federal Register 846-874 (January 6, 1997). If none of those securities are outstanding, the Calculation Agent will determine a substitute index for the Notes in accordance with general market practice at the time.

### ***Eleventh District Cost of Funds***

The “Eleventh District Cost of Funds Rate” or “COFI” means, for any Interest Determination Date, the rate on the applicable Interest Determination Date equal to the monthly weighted average cost of funds for the calendar month

preceding the Interest Determination Date as displayed under the caption “Eleventh District” on Telerate page 7058. “Telerate page 7058” means the display page designated as page 7058 on Moneyline Telerate, or any successor service or page, for the purpose of displaying the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District.

The following procedures will be followed if the Eleventh District Cost of Funds Rate cannot be determined as described above:

- If the above rate is not displayed by 3:00 p.m., New York City time, on the Interest Determination Date for the applicable Interest Determination Date, the Eleventh District Cost of Funds Rate will be the Eleventh District Cost of Funds Rate Index on the applicable Interest Determination Date.
- If the Federal Home Loan Bank of San Francisco fails to announce the rate for the calendar month next preceding the applicable Interest Determination Date, then the Eleventh District Cost of Funds Rate for the new Interest Reset Period will be the same as for the immediately preceding period. If there was no such Interest Reset Period, the Eleventh District Cost of Funds Rate Index will be the Initial Interest Rate.

The “Eleventh District Cost of Funds Rate Index” means the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the Federal Home Loan Bank of San Francisco most recently announced as the cost of funds for the calendar month preceding the date of the announcement.

### ***EURIBOR***

“EURIBOR” means, for any Interest Determination Date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint Sponsors for purposes of compiling and publishing those rates, for the Index Maturity specified in the applicable Supplement as that rate appears on the display on Moneyline Telerate, or any successor service, on page 248 or any other page as may replace page 248 on that service, which is commonly referred to as “Telerate Page 248”, as of 11:00 a.m., Brussels time.

The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear, the Calculation Agent will request the principal Euro-Zone office of each of four major banks in the Euro-Zone interbank market, as selected by the Calculation Agent, after consultation with us, to provide the Calculation Agent with its offered rate for deposits in euros, at approximately 11:00 a.m., Brussels time, on the Interest Determination Date, to prime banks in the Euro-Zone interbank market for the Index Maturity specified in the applicable Supplement commencing on the applicable Interest Reset Date, and in a principal amount not less than the equivalent of U.S. \$1 million in euro that is representative of a single transaction in euro, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those quotations.
- If fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-Zone interbank market, as selected by the Calculation Agent, after consultation with us, at approximately 11:00 a.m., Brussels time, on the applicable Interest Reset Date for loans in euro to leading European banks for a period of time equivalent to the Index Maturity specified in the applicable Supplement commencing on that Interest Reset Date in a principal amount not less than the equivalent of U.S. \$1 million in euro that is representative of a single transaction in euro, in that market at that time.
- If the banks so selected by the Calculation Agent are not quoting as set forth above, EURIBOR for that Interest Determination Date will remain EURIBOR for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

“Euro-Zone” means the region comprising member states of the European Union that have adopted the single currency in accordance with the relevant treaty of the European Union, as amended.

### ***Federal Funds (Effective) Rate***

The “Federal Funds (Effective) Rate” means, for any Interest Determination Date, the rate on that date for federal funds as published in H.15(519) under the heading “Federal Funds (Effective)” as displayed on Moneyline Telerate, or any successor service, on page 120 or any other page as may replace the applicable page on that service, which is commonly referred to as “Telerate Page 120”.

The following procedures will be followed if the Federal Funds (Effective) Rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the Interest Determination Date, the Federal Funds (Effective) Rate will be the rate on that Interest Determination Date as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the heading “Federal Funds/Effective Rate”.
- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Interest Determination Date, the Calculation Agent will determine the Federal Funds (Effective) Rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in New York City, which may include the agent and its affiliates, selected by the Calculation Agent, after consultation with us, prior to 9:00 a.m., New York City time, on that Interest Determination Date.
- If the brokers selected by the Calculation Agent are not quoting as set forth above, the federal funds rate for that Interest Determination Date will remain the Federal Funds (Effective) Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

### ***Federal Funds (Open) Rate***

The “Federal Funds (Open) Rate” means, for any Interest Determination Date, the rate on that date for federal funds as published in H.15(519) under the heading “Federal Funds” and opposite the caption “Open”, as displayed on Moneyline Telerate, or any successor service, on page 5 or any other page as may replace the applicable page on that service, which is commonly referred to as “Telerate Page 5”.

The following procedures will be followed if the Federal Funds (Open) Rate cannot be determined as described above:

- If the above rate is not published by 3:00 p.m., New York City time, on the Interest Determination Date, the Federal Funds (Open) Rate will be the rate on that Interest Determination Date as published on Bloomberg, or other recognized electronic source used for the purpose of displaying the applicable rate, on FEDSPREB Index.
- If the above rate is not yet published on either Telerate Page 5 or FEDSPREB Index on Bloomberg by 3:00 p.m., New York City time, on the Interest Determination Date, the Calculation Agent will determine the Federal Funds (Open) Rate to be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds by each of three leading brokers of U.S. dollar federal funds transactions in New York City, which may include the agent and its affiliates, selected by the Calculation Agent, after consultation with us, prior to 9:00 a.m., New York City time, on that Interest Determination Date.
- If the brokers selected by the Calculation Agent are not quoting as set forth above, the federal funds rate for that Interest Determination Date will remain the Federal Funds (Open) Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

## ***LIBOR***

Notes having a coupon based on “LIBOR” or the London Interbank Offered Rate will bear interest at the interest rates specified in the applicable Supplement. The Calculation Agent will determine “LIBOR” for each Interest Determination Date as follows:

As of the Interest Determination Date, LIBOR will be either:

- if “LIBOR Reuters” is specified in the applicable Supplement, the arithmetic mean of the offered rates for deposits in the Index Currency having the Index Maturity designated in the applicable Supplement, commencing on the second London banking day immediately following that Interest Determination Date, that appear on the Designated LIBOR page, as defined below, as of 11:00 a.m., London time, on that Interest Determination Date, if at least two offered rates appear on the Designated LIBOR page; except that if the specified Designated LIBOR page, by its terms provides only for a single rate, that single rate will be used; or
- if “LIBOR Telerate” is specified in the applicable Supplement, the rate for deposits in the Index Currency having the Index Maturity designated in the applicable Supplement, commencing on the second London banking day immediately following that Interest Determination Date or, if pounds sterling is the Index Currency, commencing on that Interest Determination Date, that appears on the Designated LIBOR page at approximately 11:00 a.m., London time, on that Interest Determination Date.
- If (i) fewer than two offered rates appear and “LIBOR Reuters” is specified in the applicable Supplement, or (ii) no rate appears and the applicable Supplement specifies either (a) “LIBOR Telerate” or (b) “LIBOR Reuters” and the Designated LIBOR page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major Reference Banks in the London interbank market, as selected by the Calculation Agent after consultation with us, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified in the applicable Supplement commencing on the second London banking day immediately following the Interest Determination Date or, if pounds sterling is the Index Currency, commencing on that Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative of a single transaction in that Index Currency in that market at that time.
- If at least two quotations are provided, LIBOR determined on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the applicable Interest Reset Date as the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, or some other time specified in the applicable Supplement, in the applicable principal financial center for the country of the Index Currency on that Interest Reset Date, by three major banks in that principal financial center selected by the Calculation Agent, after consultation with us, for loans in the Index Currency to leading European banks, having the Index Maturity specified in the applicable Supplement and in a principal amount that is representative of a single transaction in that Index Currency in that market at that time.
- If the banks so selected by the Calculation Agent are not quoting as set forth above, LIBOR for that Interest Determination Date will remain LIBOR for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The “Index Currency” means the currency specified in the applicable Supplement as the currency for which LIBOR will be calculated, or, if the euro is substituted for that currency, the Index Currency will be the euro. If that currency is not specified in the applicable Supplement, the Index Currency will be U.S. dollars.

“Designated LIBOR page” means either (i) if “LIBOR Reuters” is designated in the applicable Supplement, the display on the Reuters Monitor Money Rates Service for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency or its designated successor, or (ii) if “LIBOR Telerate” is designated

in the applicable Supplement, the display on Moneyline Telerate, or any successor service, on the page specified in the applicable Supplement, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency.

“USD-LIBOR-BBA” means that the rate for an Interest Determination Date will be the rate for deposits in U.S. dollars for a period of the “Designated Maturity”, specified in the applicable Supplement, which appears on the Telerate page 3750 as of 11:00 a.m., London time, on the day that is two London banking days preceding that Interest Determination Date. If that rate does not appear on the Telerate page 3750, the rate for that Interest Determination Date will be determined as if the parties had specified “USD-LIBOR-Reference Banks” as the applicable floating rate option.

“USD-LIBOR-Reference Banks” means that the rate for a Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (“Reference Banks”) at approximately 11:00 a.m., London time, on the day that is two London banking days preceding that Interest Determination Date to prime banks in the London interbank market for a designated period commencing on that Interest Determination Date and in a designated amount. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two of those quotations are provided, the rate for that Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that Interest Determination Date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on that Interest Reset Date for loans in U.S. dollars to leading European banks for a designated period commencing on that Interest Determination Date and in a designated amount.

“One-Month LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of one month commencing on the Interest Reset Date.

“Three-Month LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of three months commencing on the Interest Reset Date.

“Six-Month LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of six months commencing on the Interest Reset Date.

“Nine-Month LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of nine months commencing on the Interest Reset Date.

“One-Year LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of one year commencing on the Interest Reset Date.

“Twenty-Month LIBOR” means the USD-LIBOR-BBA rate with a Designated Maturity of twenty months commencing on the Interest Reset Date.

If neither LIBOR Reuters nor LIBOR Telerate is specified in the applicable Supplement, LIBOR for the applicable Index Currency will be determined as if LIBOR Telerate were specified, and, if the U.S. dollar is the Index Currency, as if page 3750 had been specified.

### ***Prime Rate***

The “Prime Rate” means, for any Interest Determination Date, the rate on that date as published in H.15(519) under the heading “Bank Prime Loan”.

The following procedures will be followed if the Prime Rate cannot be determined as described above:

- If the above rate is not published prior to 3:00 p.m., New York City time, on the Interest Determination Date, then the Prime Rate will be the rate on that Interest Determination Date as published in H.15 Daily Update under the heading “Bank Prime Loan”.



- If the rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Interest Determination Date, then the Calculation Agent will determine the Prime Rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME 1 page, as defined below, as that bank’s Prime Rate or base lending rate as in effect for that Interest Determination Date.
- If fewer than four rates appear on the Reuters Screen USPRIME 1 page by 3:00 p.m., New York City time, for that Interest Determination Date, the Calculation Agent will determine the Prime Rate to be the arithmetic mean of the Prime Rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that Interest Determination Date by at least three major banks in New York City, which may include affiliates of the agent, selected by the Calculation Agent, after consultation with us.
- If the banks selected by the Calculation Agent are not quoting as set forth above, the Prime Rate for that Interest Determination Date will remain the Prime Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

“Reuters Screen USPRIME 1 page” means the display designated as page “USPRIME 1” on the Reuters Monitor Money Rates Service, or any successor service, or any other page as may replace the USPRIME 1 page on that service for the purpose of displaying Prime Rates or base lending rates of major U.S. banks.

### ***SIFMA Rate***

The SIFMA Rate means, for each Interest Reset Date, the level of the SIFMA Index (as defined below) determined and reported on the Wednesday preceding such Interest Reset Date (or any other day in each week specified by Thomson Municipal Market Data, a Thompson Financial Services Company (“MMD”), or if any such Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day). If the SIFMA Rate for any Interest Reset Date is not determined or reported by MMD, the SIFMA Rate for such Interest Reset Date will be the SIFMA Rate in effect on the immediately preceding Interest Reset Date.

The Interest Reset Date, with regards to the SIFMA Rate, means the Thursday of each week (or any other day in each week specified by MMD (or any successor thereof), or if any such Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day).

The “SIFMA Index” is the Securities Industry and Financial Markets Association Municipal Swap Index (formerly The Bond Market Association Municipal Swap Index) which is produced and reported by MMD, the index sponsor, or any successor. The SIFMA Index is a seven-day high-grade market index composed of tax-exempt variable-rate demand obligations, or “VRDOs”, from MMD’s database of VRDO issues. In a swap transaction, two counterparties “swap” fixed-rate interest payments for floating-rate interest payments, or vice versa. One of the most critical elements of a swap transaction is the index on which the floating rate is based. The SIFMA Index is intended to serve as a benchmark floating rate in a swap transaction. The SIFMA Index is calculated on a weekly basis, and released to subscribers on Thursday. The actual number of issues that make up the SIFMA Index will vary in time as issues mature or are called, converted, or newly issued. In addition, if changes occur that violate the criteria or calculation methods of the SIFMA Index, an issue will be removed. The qualification criteria for the SIFMA Index have been established by a subcommittee of SIFMA. Typically, the SIFMA Index has included 650 issues in any given week.

To be eligible for inclusion in the SIFMA Index, an issue must meet the following criteria:

- be a weekly reset, effective on Wednesday (no lag resets considered);
- not be subject to alternative minimum tax;
- have an outstanding amount of \$10 million or more;
- have the highest short-term rating (VMIG1 by Moody’s or A-1+ by S&P); and
- pay interest on a monthly basis, calculated on an actual/actual basis.

In addition, only one quote per obligor per remarketing agent will be included in the SIFMA Index. Issues from all states are eligible for inclusion.

The following are part of calculation methods of the SIFMA Index:

- The standard deviation of the rates is calculated. Any issue falling outside of +/- 1.0 standard deviations is removed.
- Each participating remarketing agent is limited to no more than 15% of the SIFMA Municipal Swap Index by an averaging method.

If MMD discontinues publication of the SIFMA Index and MMD or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the discontinued SIFMA Index, then the SIFMA Rate for each SIFMA Reset Date occurring after such discontinuance will be determined by reference to the level of such successor index. If a successor index is selected, the successor index will be substituted for the SIFMA Index for all purposes. Upon any selection by the Calculation Agent of a successor index, the Calculation Agent will cause written notice thereof to be promptly furnished to the Issuer and to the trustee, which will provide notice to the holders of the Notes.

If MMD discontinues publication of the SIFMA Index and the Calculation Agent determines, in its sole discretion, that no successor index is available, then following such discontinuance until the earlier of (a) the Maturity Date or (b) the date on which the Calculation Agent determines that a successor index is available, the Calculation Agent will determine the SIFMA Rate for each Interest Reset Date occurring after such discontinuance in accordance with the procedures for and method of calculating the SIFMA Index last in effect prior to such discontinuance.

If the SIFMA Rate for any Interest Reset Date is subsequently revised or amended after its publication, such revision or amendment will not be effective for purposes of any calculation with respect to the Notes, except in the event of manifest error (as determined by the Calculation Agent in its sole discretion).

### ***Treasury Rate***

The “Treasury Rate” means:

- the rate from the auction held on the applicable Interest Determination Date, which we refer to as the “auction”, of direct obligations of the United States, which are commonly referred to as “Treasury Bills”, having the Index Maturity specified in the applicable Supplement as that rate appears under the caption “INVESTMENT RATE” on the display on Moneyline Telerate, or any successor service, on page 56 or any other page as may replace page 56 on that service, which we refer to as “Telerate Page 56”, or page 57 or any other page as may replace page 57 on that service, which we refer to as “Telerate Page 57”; or
- if the rate described in the first bullet point is not published by 3:00 p.m., New York City time, on the Interest Determination Date, the Bond Equivalent Yield of the rate for the applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption “U.S. Government Notes/Treasury Bills/Auction High”; or
- if the rate described in the second bullet point is not published by 3:00 p.m., New York City time, on the related Interest Determination Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills, announced by the U.S. Department of the Treasury; or
- if the rate referred to in the third bullet point is not announced by the U.S. Department of the Treasury, or if the auction is not held, the Bond Equivalent Yield of the rate on the applicable Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Supplement published in H.15(519) under the caption “U.S. Government Notes/Treasury Bills/ Secondary Market”; or
- if the rate referred to in the fourth bullet point is not so published by 3:00 p.m., New York City time, on the related Interest Determination Date, the rate on the applicable Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the

purpose of displaying the applicable rate, under the caption “U.S. Government Notes/Treasury Bills/Secondary Market”; or

- if the rate referred to in the fifth bullet point is not so published by 3:00 p.m., New York City time, on the related Interest Determination Date, the rate on the applicable Interest Determination Date calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the applicable Interest Determination Date, of three primary U.S. government securities dealers, which may include the agent and its affiliates, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Supplement; or
- if the dealers selected by the Calculation Agent are not quoting as set forth above, the Treasury Rate for that Interest Determination Date will remain the Treasury Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The “Bond Equivalent Yield” means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Equivalent Yield} = \frac{(D \times N)}{360 - (D \times M)} \times 100$$

where, “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, “N” refers to 365 or 366, as the case may be, and “M” refers to the actual number of days in the Interest Payment Period for which interest is being calculated.

“Treasury Spot Rate” means the mid-market spot Treasury Rate with a designated Index Maturity specified in the applicable Supplement, as determined by the Calculation Agent, at the time the Notes are priced for initial sale to the public, rounded to two decimal places. The continuously reported mid-market spot Treasury Rate with a designated Index Maturity is publicly available on Bloomberg screen “BBT”.

“10-Year Treasury Spot Rate” means the USD-Treasury Rate-T500 with a Designated Maturity of 10 years.

“USD-Treasury Rate-T500” means that the rate for an Interest Reset Date will be a percentage equal to the mid-market yield-to-maturity of the current “on-the-run” U.S. Treasury with a “Designated Maturity”, specified in the applicable Supplement, which appears on the Telerate Page 500 as of 11:00 a.m., New York City time, on that Interest Reset Date. If that rate does not appear on the Telerate Page 500, the rate for that Interest Reset Date will be determined by the Calculation Agent and will be a percentage equal to the yield-to-maturity based on the secondary market mid-market prices as of 11:00 a.m., New York City time, on that Interest Reset Date of three leading primary U.S. government securities dealers in New York City, selected by the Calculation Agent, (from five of the dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for U.S. Treasury securities with a maturity equal to the Designated Maturity and taking a simple average of the remaining three values.

“USD-Treasury Rate-T19901” means that the rate for an Interest Reset Date will be a percentage equal to the mid-market yield-to-maturity of the current “on-the-run” U.S. Treasury with a “Designated Maturity”, specified in the applicable Supplement, which appears on the Telerate page 19901 as of 11:00 a.m., New York City time, on that Interest Reset Date. If that rate does not appear on the Telerate page 19901, the rate for that Interest Reset Date will be determined by the Calculation Agent and will be a percentage equal to the yield-to-maturity based on the secondary market mid-market prices as of 11:00 a.m., New York City time, on that Interest Reset Date of three leading primary U.S. government securities dealers in New York City, selected by the Calculation Agent, (from five of those dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for U.S. Treasury securities with a maturity equal to the Designated Maturity and taking a simple average of the remaining three values.

### ***Market Disruption Events Relating to Notes with a Floating Interest Rate as the Underlying Asset***

Except as may be provided above in “Underlying Assets—Floating Interest Rate”, if an Underlying Asset cannot be determined, then the Calculation Agent will make all determinations.

### **Securities or Linked Shares**

The principal, interest or any other amounts payable on the Notes may be based on one or more securities, including price movements in or other events relating to those securities, which we refer to as Linked Shares. The Linked Shares may consist of American depositary shares, which are described under “—American Depositary Shares and Deposit Agreements”. If a Underlying Asset is comprised of more than one Linked Share or a Linked Share and at least one other type of Underlying Asset, the Linked Share is a “Basket Component”.

### ***Underlying Asset Issuer and Underlying Asset Information***

The Notes have not been passed on by the issuer of the Linked Shares or the issuer of any corresponding ADS Underlying Shares (as described below) as to their legality or suitability. The Notes are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the issuer of the Linked Shares or the issuer of any corresponding ADS Underlying Shares. The trademarks, service marks or registered trademarks of the issuer of the Linked Shares or the issuer of any corresponding ADS Underlying Shares are the property of their owner. The issuer of the Underlying Asset makes no warranties and bears no liabilities with respect to the Notes or to the administration or operation of the Notes. This Product Supplement relates only to the Notes offered by the applicable Supplement and does not relate to any security of an underlying issuer.

If the Underlying Asset is a Linked Share that is registered under the Securities Exchange Act of 1934, as amended, which is commonly referred to as the “Exchange Act”, issuers of those Linked Shares are required to file, periodically, financial and other information specified by the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549, and copies of that material can be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC’s website is <http://www.sec.gov>. We make no representation or warranty as to the accuracy or completeness of the information displayed on that website, and that information is not incorporated by reference herein and should not be considered a part of this Product Supplement. Information provided to or filed with the SEC pursuant to the Exchange Act by a company issuing a Linked Share can be located by reference to the SEC file number provided in the applicable Supplement. In addition, information regarding a company issuing a Linked Share may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information referred to above relating to Linked Shares or any other publicly available information regarding the issuer of the Underlying Asset. Neither we nor the agent has participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the issuer of the Underlying Asset. Furthermore, we cannot give any assurance that all events occurring prior to the date of the applicable Supplement (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the closing prices of the Underlying Asset (and therefore the closing price of that Underlying Asset at the time we price the Notes) have been publicly disclosed. Subsequent disclosure of any of those events or the disclosure of or failure to disclose material future events concerning the issuer of the Underlying Asset could affect the value received at maturity with respect to the Notes and therefore the price of the Notes in the secondary market, if any.

### ***Special Calculation Provisions***

With respect to Underlying Assets that are Linked Shares, the closing price for any security on any day will equal the closing sale price or last reported sale price, regular way, for the security, on a per-share or other unit basis:

- on the principal national securities exchange on which that security is listed for trading on that day, or

- if that security is not listed on any national securities exchange, on any other U.S. national market system that is the primary market for the trading of that security.

With respect to the closing sale price or last reported sale price for the National Association of Securities Dealers Automated Quotation System (the “NASDAQ”), the closing price will be the Nasdaq Official Closing Price (NOCP) unless otherwise specified in the applicable Supplement.

If that security is not listed or traded as described above, then the closing price for that security on any day will be determined by the Calculation Agent. In determining the closing price for that security on any day, the Calculation Agent may consider any relevant information, including, without limitation, information consisting of relevant market data in the relevant market supplied by one or more third parties or internal sources including, without limitation, relevant rates, prices, yields, yield curves, volatiles, spreads, correlations or other relevant market data in the relevant market.

### ***American Depositary Shares and Deposit Agreements***

Any Linked Share in the form of an American depositary share is issued pursuant to a Deposit Agreement, as amended from time to time (the “Deposit Agreement”). An event that has a diluting or concentrative effect on the corresponding ADS Underlying Shares may affect theoretical value of those Linked Shares unless (and to the extent that) the issuer of the ADS Underlying Shares or the depository for the Linked Shares, pursuant to their authority (if any) under the Deposit Agreement, elects to adjust the number of ADS Underlying Shares that are represented by each Linked Share such that the price and other terms of the Linked Share will not be affected by any such event. If the issuer of the ADS Underlying Shares or the depository for the Linked Share does not adjust the number of ADS Underlying Shares that are represented by each Linked Share, or makes an adjustment that the Calculation Agent deems inappropriate to account for such an event, then the Calculation Agent may make any adjustments that the Calculation Agent determines to be appropriate to account for that event. The depository of the Linked Shares may also have the ability pursuant to the Deposit Agreement to make adjustments in respect of the Linked Shares for share distributions, rights distributions, cash distributions and distributions other than shares, rights and cash. Upon any such adjustment by the depository, the Calculation Agent may adjust such terms and conditions of the Notes as the Calculation Agent determines appropriate to account for that event.

“ADS Underlying Shares” means with respect to an Underlying Asset that is an American depositary share, the securities of the issuer underlying that Underlying Asset.

### ***Share Adjustments Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset—Antidilution Adjustments***

#### ***Adjustments Relating to Notes with an Equity Security***

##### *General*

The Calculation Agent will adjust the Initial Price of the Underlying Asset (and, in turn, any other variable or combination thereof) or replace the Underlying Asset if certain corporate actions and other events described below (each, an “Adjustment Event”) occur, and the Calculation Agent determines that such Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying Asset. We have listed below examples of how Adjustment Events may lead to adjustments to the Initial Price or the replacement of the Underlying Asset.

The adjustments described below do not cover all events that could affect the value of the Notes. We describe the risks relating to dilution under “Risk Factors — Antidilution Protection Is Limited.”

##### *Adjustments*

If an Adjustment Event occurs and the Calculation Agent determines that the event has a diluting or concentrative effect on the theoretical value of the Underlying Asset, the Calculation Agent will calculate a corresponding adjustment to any variable of the Underlying Asset as the Calculation Agent determines appropriate to account for that diluting or concentrative effect. The Calculation Agent will also determine the effective date of that adjustment

and/or the replacement of the Underlying Asset, if applicable, in the event of consolidation, merger or certain other occurrences. Upon making any such adjustment, the Calculation Agent will give notice as soon as practicable to the Fiscal and Paying Agent, stating the adjustment or the replacement of the Underlying Asset.

If more than one Adjustment Event occurs with respect to the Underlying Asset, the Calculation Agent will make an adjustment for each such Adjustment Event in the order in which they occur, and on a cumulative basis. Accordingly, having adjusted a variable of the Underlying Asset for the first such Adjustment Event, the Calculation Agent will adjust the appropriate variable for the second Adjustment Event, applying the required adjustment as already adjusted for the first Adjustment Event, and so on for each subsequent Adjustment Event.

The Calculation Agent will not have to adjust any variable of the Underlying Asset for any Adjustment Event *unless* the adjustment would result in a change of at least 0.10% of the unadjusted amount. The value of the variables resulting from any adjustment will be rounded up or down, as appropriate, to the nearest cent with one-half cent being rounded upwards.

If an Adjustment Event requiring antidilution adjustment occurs, the Calculation Agent will make any adjustments with a view to offsetting, to the extent practical, any change in the economic position of holders of the Notes relative to the Notes that results solely from that event. The Calculation Agent may, in its sole discretion, modify any antidilution adjustments as necessary to ensure an equitable result.

The Calculation Agent has sole discretion in making all determinations with respect to antidilution adjustments, including any determination as to whether an Adjustment Event requiring an antidilution adjustment has occurred, as to the nature of the adjustment required and how it will be made. In the absence of manifest error, those determinations will be conclusive for all purposes and will be binding on holders of the Notes and the Issuer, without any liability on the part of the Calculation Agent. Because the Calculation Agent may be an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and you with respect to such determinations. See “Risk Factors — Identity of the Issuer and the Calculation Agent” for further information. Upon a holder’s written request, the Calculation Agent will provide information about any adjustments it makes.

#### *Adjustment Events*

The following is a list of Adjustment Events that may require an antidilution adjustment:

- (a) a subdivision, consolidation or reclassification of the Underlying Asset of the Underlying Asset issuer or a free distribution or dividend of the Underlying Asset of the Underlying Asset issuer to existing holders of the Underlying Asset by way of bonus, capitalization or similar issue;
- (b) a distribution or dividend to existing holders of the Underlying Asset of the Underlying Asset issuer of (A) the Underlying Asset, (B) other share capital or securities granting the right to payment of dividends equally or proportionately with such payments to holders of the Underlying Asset, or (C) any other type of securities, rights or warrants in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (c) the declaration by the Underlying Asset issuer of an extraordinary or special dividend or other distribution whether in cash or underlying shares of the Underlying Asset issuer or other assets;
- (d) a call by the Underlying Asset issuer in respect of Underlying Asset shares that are not fully paid;
- (e) in respect of the Underlying Asset issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of capital stock of the Underlying Asset issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;

- (f) a repurchase by the Underlying Asset issuer of its common stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (g) a consolidation of the Underlying Asset issuer with another company or merger of the Underlying Asset issuer with another company; and
- (h) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Underlying Asset of the Underlying Asset issuer.

Certain Adjustment Events are discussed in greater detail below.

#### *Stock Splits*

A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. As a result of a stock split, each outstanding share will be worth less.

If the Underlying Asset of the Underlying Asset issuer is subject to a stock split, the Calculation Agent will adjust the Initial Price of the Underlying Asset to equal the product of (i) the prior Initial Price of the Underlying Asset — i.e., the Initial Price before that adjustment — multiplied by (ii) the quotient of (x) the number of shares outstanding immediately before the stock split with respect to the Underlying Asset becomes effective divided by (y) the number of the shares outstanding immediately after the stock split becomes effective.

#### *Reverse Stock Splits*

A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. As a result of a reverse stock split, each outstanding share will be worth more.

If the Underlying Asset of the Underlying Asset issuer is subject to a reverse stock split, the Calculation Agent will adjust the Initial Price of the Underlying Asset to equal the product of (i) the Initial Price of the Underlying Asset multiplied by (ii) the quotient of (x) the number of the underlying shares outstanding immediately before the reverse stock split becomes effective divided by (y) the number of the underlying shares outstanding immediately after the reverse stock split becomes effective.

#### *Stock Dividends*

In a stock dividend, a corporation issues additional shares of its stock to all holders of its outstanding stock in proportion to the shares they own. As a result of a stock dividend, each outstanding share will be worth less.

If the Underlying Asset of the Underlying Asset issuer is subject to a stock dividend payable in the Underlying Asset, then the Calculation Agent will adjust the Initial Price for the Underlying Asset to equal the product of (i) the prior Initial Price for the Underlying Asset — i.e., the Initial Price before that adjustment — multiplied by (ii) the quotient of (x) the number of shares outstanding immediately before the stock dividend with respect to the Underlying Asset becomes effective divided by (y) the number of shares outstanding immediately after the stock dividend becomes effective.

#### *Other Dividends and Distributions*

If the Underlying Asset issuer declares a dividend to be distributed to holders of record of the Underlying Asset of the Underlying Asset issuer as of a date falling in the period that begins on the day immediately following the Final Valuation Date and ends on the day immediately prior to the Maturity Date, any such dividend will not be paid to the noteholders. The Calculation Agent will not make an adjustment to reflect any other dividends or distributions paid with respect to the Underlying Asset of the Underlying Asset issuer, other than (i) stock dividends described above; (ii) extraordinary dividends as described below; and (iii) issuances of transferable rights and warrants as described in "Transferable Rights and Warrants" below.

A dividend or other distribution with respect to the Underlying Asset of the Underlying Asset issuer will be deemed to be an “extraordinary dividend” if its per share value exceeds that of the immediately preceding non-extraordinary dividend, if any, for the Underlying Asset by an amount equal to at least 10.00% of the market price of the Underlying Asset on the business day before the extraordinary dividend date. The “extraordinary dividend date” for any dividend or other distribution is the first day on which the Underlying Asset trades without the right to receive that dividend or distribution. If an extraordinary dividend occurs, the Calculation Agent will adjust the Initial Price of the Underlying Asset to equal the product of (i) the prior Initial Price of the Underlying Asset times (ii) a fraction, the numerator of which is the amount by which the market price of the Underlying Asset on the business day before the extraordinary dividend date exceeds the Extraordinary Dividend Adjustment Amount and the denominator of which is the market price of the Underlying Asset on the business day before the extraordinary dividend date. The “Extraordinary Dividend Adjustment Amount” with respect to an extraordinary dividend for the Underlying Asset equals: (i) for an extraordinary dividend that is paid in lieu of a regular quarterly dividend, the amount of the extraordinary dividend per share of the Underlying Asset minus the amount per share of the immediately preceding dividend, if any, that was not an extraordinary dividend for the Underlying Asset, or (ii) for an extraordinary dividend that is not paid in lieu of a regular quarterly dividend, the amount per share of the extraordinary dividend.

To the extent an extraordinary dividend is not paid in cash, the value of the non-cash component will be determined by the Calculation Agent. A distribution on the Underlying Asset of the Underlying Asset issuer that is a dividend payable in the Underlying Assets, an issuance of rights or warrants or a spin-off event and that is also an extraordinary dividend will result in an adjustment only as described in “Stock Dividends” above, “Transferable Rights and Warrants” below or “Reorganization Events” below, as the case may be, and not as described here.

#### *Transferable Rights and Warrants*

If the Underlying Asset issuer issues transferable rights or warrants to all holders of the Underlying Asset of the Underlying Asset issuer to subscribe for or purchase the Underlying Asset at an exercise price per share that is less than the market price of the Underlying Asset on the business day before the extraordinary dividend date for the issuance, then the Initial Price of the Underlying Asset will be adjusted by multiplying the prior Initial Price of the Underlying Asset by the following fraction: (i) the numerator will be the sum of the number of the Underlying Assets outstanding at the close of business on the day before that extraordinary dividend date and the product of (A) the total number of additional Underlying Assets offered for subscription or purchase under the transferable rights or warrants times (B) the quotient of the exercise price of those transferable rights or warrants divided by the market price of the Underlying Asset on the business day before that extraordinary dividend date, and (ii) the denominator will be the sum of the number of the Underlying Assets outstanding at the close of business on the day before that extraordinary dividend date and the total number of additional Underlying Assets offered for subscription or purchase under those transferable rights or warrants.

#### *Reorganization Events*

- (i) Each of the following may be a reorganization event with respect to the Underlying Asset issuer:
  - (i) the Underlying Asset of the Underlying Asset issuer is reclassified or changed;
  - (ii) the Underlying Asset issuer has been subject to a merger, consolidation or other combination and either is not the surviving entity or is the surviving entity but all outstanding Underlying Assets of the Underlying Asset issuer are exchanged for or converted into other property;
  - (iii) a statutory share exchange involving the outstanding Underlying Assets of the Underlying Asset issuer and the securities of another entity occurs, other than as part of an event described above;
  - (iv) the Underlying Asset issuer effects a spin-off (i.e., issues to all holders of the Underlying Asset of the Underlying Asset issuer common stock equity securities of another issuer) other than as part of an event described above;
  - (v) the Underlying Asset issuer sells or otherwise transfers its property and assets as an entirety or substantially as an entirety to another entity (each of the events above, a “Merger Event”);
  - (vi) a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than a majority of the outstanding Underlying Assets of the Underlying Asset issuer as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory



agencies or such other information as the Calculation Agent deems relevant (a “Tender Offer”); (vii) the exchange on which the Underlying Asset of the Underlying Asset issuer trades announces that, pursuant to the rules of such exchange, the Underlying Asset ceases (or will cease) to be listed, traded or publicly quoted on it for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on another major United States exchange or quotation system (a “Delisting Event”); (viii) the Underlying Asset issuer is liquidated, dissolved or wound up or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law (an “Insolvency”); and (ix) all the assets or substantially all the assets of the Underlying Asset issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity (a “Nationalization”).

#### *Adjustments for Reorganization Events*

If a Merger Event or Tender Offer occurs with respect to the Underlying Asset issuer and, in the case of a Merger Event, a holder of the Underlying Asset of the Underlying Asset issuer that makes no election, vote or decision in connection with such Merger Event would receive as full or partial consideration ordinary or common shares of any person (other than the Underlying Asset issuer) that are publicly quoted, traded or listed on any major United States exchange or quotation system (“New Shares”), or, in the case of a Tender Offer, the holder of the Underlying Asset can elect to receive New Shares as full or partial consideration in respect of such Tender Offer, then (i) the Initial Price of the Underlying Asset will not be adjusted and (ii) the Final Share Price and, if applicable, the price of the Underlying Asset used to determine whether the Protection Price Level for the Underlying Asset has been breached will be deemed to be equal to the Transaction Value. The “Transaction Value” will equal the sum of (i) for any cash received in the Merger Event or Tender Offer, the amount of cash received per Underlying Asset, (ii) for any property other than cash or New Shares received in the Merger Event or Tender Offer, an amount equal to the market value on the Approval Date (as defined below) of that property received per Underlying Asset, as determined by the Calculation Agent in the manner deemed to be appropriate by the Calculation Agent in its sole discretion, and (iii) for any New Shares received in the Merger Event or Tender Offer, an amount equal to (x) the closing price per share of the New Shares on the Final Valuation Date or the closing price per share of the New Shares on the remaining business days during the Observation Period, as the case may be, multiplied by (y) the number of New Shares received for the Underlying Asset. The “Approval Date” is the closing date of a Merger Event or, in the case of a Tender Offer, the date on which the person or entity making the Tender Offer acquires, or acquires the right to obtain, the relevant percentage of Underlying Assets. For the purposes of making an adjustment required by a reorganization event, if a holder of the common stock of the Underlying Asset issuer may elect to receive different types or combinations of types of property in the reorganization event, such property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the Calculation Agent.

If, with respect to the Underlying Asset, (i) a Merger Event occurs and the consideration in respect of such event does not consist in full or in part of New Shares, (ii) a Tender Offer occurs and a holder of the Underlying Asset would not be able to elect to receive in full or in part any New Shares as consideration in respect of such Tender Offer, (iii) a Delisting Event occurs, (iv) an Insolvency occurs, or (v) a Nationalization occurs, then the Calculation Agent will replace the Underlying Asset with a Replacement Share and set the Initial Price of that Replacement Share so that the ratio of the closing price of such Replacement Share on the first trading day following, in the case of a Merger Event or a Tender Offer, the Approval Date or, in the case of a Delisting Event, Insolvency, or Nationalization, the announcement date to the Initial Price for such Replacement Share equals the ratio of the price of the original Underlying Asset immediately prior to the occurrence of the Merger Event, Tender Offer, Delisting Event, Insolvency or Nationalization, as the case may be, to the original Initial Price for the Underlying Asset. For purposes of the preceding, a “Replacement Share” means a share that is: (i) listed on the NYSE or the NASDAQ, (ii) issued by an issuer that shares the same primary Standard Industrial Characterization, or SIC, code as the Underlying Asset issuer of the Underlying Asset, (iii) not already an Underlying Asset and (iv) issued by an issuer that is not subject to a trading restriction under the trading restriction policies of the Issuer or any of its affiliates that would materially limit the ability of the Issuer or any of its affiliates to hedge the Notes with respect to that stock; provided, however, that if a stock satisfying these criteria cannot be identified by the Calculation Agent, then the Calculation Agent will, in its sole and absolute discretion, select a share to be the Replacement Share. In the event that a Replacement Share is selected, references herein to “Underlying Asset” shall include the Replacement Share, and references herein to “Underlying Asset issuer” shall include the issuer of such Replacement Share.

If a reorganization event occurs with respect to the Underlying Asset issuer and the Calculation Agent, as described above (i) is to use the “Transaction Value” to determine the Final Share Price of the Underlying Asset of the Underlying Asset issuer or (ii) replaces the Underlying Asset of the Underlying Asset issuer with Replacement Shares, the Calculation Agent will make further antidilution adjustments for later events that affect the components of the property used to calculate such Transaction Value or such Replacement Shares, as the case may be. The Calculation Agent will do so to the same extent that it would make adjustments if the common stock of the Underlying Asset issuer affected by the original reorganization event was outstanding and was affected by the same kinds of events. If a subsequent reorganization event affects only a particular component of the property used to calculate such Transaction Value, the required adjustment will be made with respect to that component alone. For example, if the Underlying Asset issuer merges into another company and each share of its common stock is converted into the right to receive two New Shares of the surviving company and a specified amount of cash, the property used to calculate the Transaction Value will consist of two New Shares and the specified amount of cash per such share of its common stock. The Calculation Agent will adjust the common share component of the property used to calculate the Transaction Value to reflect any later stock split or other event, including any later reorganization event, that affects the New Shares, to the extent described in this section entitled “Antidilution Adjustments,” as if the New Shares were the common stock of the Underlying Asset issuer affected by the original reorganization event. In that event, the cash component will not be adjusted but will continue to be a component of the property used to calculate the Transaction Value. Consequently, in calculating the Final Share Price of the Underlying Asset of the Underlying Asset issuer affected by a reorganization event, the Transaction Value will consist of all components in effect on the Final Valuation Date, with each component having been adjusted on a sequential and cumulative basis for all relevant events requiring adjustment on or before the Final Valuation Date.

If a reorganization event occurs, the property distributed in the event or the Replacement Shares, as the case may be, will be substituted for the common stock of the Underlying Asset issuer as described above. Consequently, references to the common stock of the Underlying Asset issuer mean (i) any property that is distributed in a reorganization event and that is used to calculate the Transaction Value or (ii) any Replacement Shares, as the case may be. Similarly, references to the Underlying Asset issuer mean any successor entity in a reorganization event.

### ***Adjustments Relating to Notes with Interests in Exchange Traded Funds***

#### *General*

The Calculation Agent will adjust the Initial Price if certain events described below (each, an “Adjustment Event”) occur, and the Calculation Agent determines that such Adjustment Event has a diluting or concentrative effect on the theoretical value on the components of the Underlying Asset.

#### *Adjustments*

If an Adjustment Event occurs and the Calculation Agent determines that the event has a diluting or concentrative effect on the theoretical value on the components of the Underlying Asset, the Calculation Agent will calculate a corresponding adjustment to the Initial Price. The Calculation Agent will also determine the effective date of that adjustment. Upon making any such adjustment, the Calculation Agent will give notice as soon as practicable to Issuer and the Fiscal and Paying Agent, stating the adjustment of the Initial Price.

If more than one Adjustment Event occurs, the Calculation Agent will make an adjustment for each such Adjustment Event in the order in which they occur, and on a cumulative basis. Accordingly, having adjusted the Initial Price for the first such Adjustment Event, the Calculation Agent will adjust the Initial Price for the second Adjustment Event, applying the required adjustment to the Initial Price as already adjusted for the first Adjustment Event, and so on for each subsequent Adjustment Event.

The Calculation Agent will not have to adjust the Initial Price for any Adjustment Event *unless* the adjustment would result in a change to the Initial Price of at least 0.1% of the Initial Price that would apply without the adjustment. The Initial Price resulting from any adjustment will be rounded up or down, as appropriate, to the nearest cent with one-half cent being rounded upwards.

If an Adjustment Event requiring antidilution adjustment occurs, the Calculation Agent will make any adjustments with a view to offsetting, to the extent practical, any change in the economic position of holders of the Notes relative to the Notes that results solely from that event. The Calculation Agent may, in its sole discretion, modify any antidilution adjustments as necessary to ensure an equitable result.

The Calculation Agent has sole discretion in making all determinations with respect to antidilution adjustments, including any determination as to whether an Adjustment Event requiring an antidilution adjustment has occurred, as to the nature of the adjustment required and how it will be made. In the absence of manifest error, those determinations will be conclusive for all purposes and will be binding on holders of the Notes and the Issuer, without any liability on the part of the Calculation Agent. Potential conflicts of interest may exist between the Calculation Agent and you with respect to such determinations. See “Risk Factors—Affiliation of the Issuer and the Calculation Agent” for further information. Upon written request from any investor in the Notes, the Calculation Agent will provide information about any adjustments it makes.

#### *Share Splits and Reverse Share Splits*

If the components of the Underlying Asset are subject to a share split or reverse share split, then on the effective date of such share split or reverse share split, the Initial Price will be adjusted so that the new Initial Price shall equal the quotient of:

- the prior Initial Price, and
- the number of the components of the Underlying Asset which a holder of one component of the Underlying Asset before the effective date of the share split or reverse share split would have owned or been entitled to receive immediately following the effective date.

#### *Share Dividends or Distributions*

If the components of the Underlying Asset are subject to (i) a share dividend, i.e., an issuance of additional components of the Underlying Asset that is given ratably to all or substantially all holders of the components of the Underlying Asset, or (ii) another distribution with respect to the components of the Underlying Asset that is paid in components of the Underlying Asset, then on the effective date of such share dividend or distribution, the Initial Price will be adjusted so that the new Initial Price shall equal the quotient of:

- the prior Initial Price, and
- the number of components of the Underlying Asset which a holder of one component of the Underlying Asset before the effective date of the share dividend or distribution would have owned or been entitled to receive immediately following the effective date.

#### *Non-cash Distributions*

If the Underlying Asset distributes shares of capital stock other than components of the Underlying Asset, evidences of indebtedness or other assets or property to all or substantially all holders of the components of the Underlying Asset (other than (i) share dividends or distributions referred to under “—Share Dividends or Distributions” above and (ii) cash dividends referred to under “—Cash Dividends or Distributions” below), then on the ex-dividend date for such distribution, the Initial Price will be adjusted so that the new Initial Price shall equal the product of:

- the prior Initial Price, and
- a fraction, the numerator of which is the amount by which the Current Market Price of a component of the Underlying Asset exceeds the Fair Market Value of such distribution and the denominator of which is the Current Market Price of a component of the Underlying Asset.

The “Current Market Price” of a component of the Underlying Asset means the arithmetic average of the closing price of the components of the Underlying Asset on ten exchange business days prior to the exchange business day immediately preceding the ex-dividend date for the dividend or distribution requiring an adjustment to the Initial Price.

The “ex-dividend date” shall mean the first exchange business day on which transactions in the components of the Underlying Asset trade without the right to receive the dividend or distribution.

The “Fair Market Value” of any distribution means the value per component of the Underlying Asset of such distribution on the ex-dividend date for such distribution, as determined by the Calculation Agent. If such distribution consists of property traded on the ex-dividend date on a U.S. national securities exchange, the Fair Market Value will equal the closing price of such distributed property on such ex-dividend date.

#### *Cash Dividends or Distributions*

If the Underlying Asset pays dividends or makes other distributions consisting exclusively of cash to all or substantially all holders of the components of the Underlying Asset during any fiscal quarter during the term of the Notes that, together with other dividends and distribution of cash made during the same fiscal quarter, exceed the Dividend Threshold, then on the ex-dividend date for such cash dividend or cash distribution, the Initial Price will be adjusted so that the new Initial Price shall equal the product of:

- the prior Initial Price, and
- a fraction, the numerator of which is the amount by which the Current Market Price of a component of the Underlying Asset exceeds the amount in cash per component of the Underlying Asset distributed to holders of the components of the Underlying Asset during such fiscal quarter in excess of the Dividend Threshold and the denominator of which is the Current Market Price of a component of the Underlying Asset.

“Dividend Threshold” with respect to any cash dividend or cash distribution shall mean the sum of (i) the amount per component of the Underlying Asset of the immediately preceding cash dividend or other cash distribution, if any, not in excess of the Dividend Threshold applicable to such preceding cash dividend or other cash distribution plus (ii) 10% of the closing price of the components of the Underlying Asset on the exchange business day immediately preceding the ex-dividend date for such dividend or cash distribution.

#### *Substitution of Successor Underlying Asset; Alternate Calculation of Share Price*

If the components of the Underlying Asset (or the components of a successor underlying asset) are delisted from the Exchange (or any other relevant exchange) or the Underlying Asset (or such successor underlying asset) is liquidated or otherwise terminated, the Calculation Agent will substitute an exchange-traded fund (such exchange-traded fund being referred to herein as a “successor underlying asset”) that the Calculation Agent determines, in its sole discretion, is comparable to the Underlying Asset (or such successor underlying asset). If the components of the Underlying Asset (or the components of a successor underlying asset) are delisted or the Underlying Asset (or such successor underlying asset) is liquidated or otherwise terminated and the Calculation Agent determines that no successor underlying asset is available, then the Calculation Agent will, from and after that time, in its sole discretion, calculate substitute values for the official closing prices of the components of the Underlying Asset (or the components of a successor underlying asset) by a computation methodology that the Calculation Agent determines will as closely as reasonably possible replicate the official closing prices of the components of the Underlying Asset (or the components of such successor underlying asset). If a successor underlying asset is selected or the Calculation Agent calculates substitute values for the official closing prices of the components of the Underlying Asset (or the components of a successor underlying asset), the official closing prices of the shares of such successor underlying asset or substitute values calculated by the Calculation Agent, as applicable, will be substituted for the Share Price for all purposes of the Notes.

If at any time:

- the Index (or the underlying index related to a successor underlying asset) is changed in a material respect, or
- the Underlying Asset (or a successor underlying asset) in any other way is modified so that the official closing price of the components of the Underlying Asset (or of the shares of a successor underlying asset) does not, in the opinion of the Calculation Agent, fairly represent the price of the components of the Underlying Asset (or of the shares of such successor underlying asset) had those changes or modifications not been made,

then, from and after that time, the Calculation Agent will make such calculations and adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at closing prices of shares of an exchange-traded fund comparable to the Underlying Asset (or such successor underlying asset) as if those changes or modifications had not been made, and calculate the Share Price (or the price of the shares of such successor underlying asset), as adjusted. The Calculation Agent also may determine that no adjustment is required by the modification of the method of calculation.

The Calculation Agent will be solely responsible for the method of calculating the Share Price (or the price of the shares of any successor underlying asset) and of any related determinations and calculations, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error. The Calculation Agent will provide information as to the method of calculating the Share Price (or the price of the shares of such successor underlying asset) upon written request by any investor in the Notes. Potential conflicts of interest may exist between the Calculation Agent and you with respect to such determinations. See “Risk Factors—Affiliation of the Issuer and the Calculation Agent” for further information.

***Market Disruption Events Relating to Notes with an Equity Security or Interests in Exchange-Traded Funds as the Underlying Asset***

If no Final Share Price is available on the Valuation Date because of a Market Disruption Event, as determined by the Calculation Agent in its sole discretion, the Calculation Agent may postpone the calculation of the Final Share Price until the earlier of the date such Market Disruption Event has ceased or five Business Days after the Valuation Date. In the event there still exists a Market Disruption Event on the fifth Business Day after the Valuation Date, the Calculation Agent will determine the Final Share Price by using its good faith estimate of the value of the Underlying Assets as of the closing time on the exchange on such day. If a Market Disruption Event occurs on any other Business Day during the Observation Period, such day will be disregarded for purposes of determining whether the Protection Price Level, if applicable, has been breached during the Observation Period. If a Market Disruption Event exists on the Valuation Date, the Maturity Date will be the later of the Maturity Date specified in the applicable Supplement and the third Business Day following the day on which the Final Share Price is calculated. No interest will accrue or other payment be payable because of any postponement of the Maturity Date.

A “Market Disruption Event” means the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by any relevant exchange or market or otherwise) of, or the unavailability, through a recognized system of public dissemination of transaction information, of accurate price, volume or related information in respect of, (i) the Underlying Asset, or (ii) any options or futures contracts, or any options on such futures contracts, relating to the Underlying Asset if, in each case, in the determination of the Calculation Agent, in its sole discretion, any such suspension, limitation or unavailability is material.

For purposes of determining whether a Market Disruption Event has occurred: (i) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange; (ii) a decision permanently to discontinue trading in the relevant options or futures contract will not constitute a Market Disruption Event; (iii) limitations pursuant to NYSE Rule 80A — Index Arbitrage Trading Restrictions — (or any applicable rule or regulation enacted or promulgated by the NYSE, any other self-regulatory organization or the SEC of similar scope as determined by the Calculation Agent)

on trading during significant market fluctuations will constitute a Market Disruption Event; (iv) a suspension of trading in an options contract on the Underlying Asset by the primary securities market trading in such options, if available, by reason of (A) a price change exceeding limits set by such securities exchange or market, (B) an imbalance of orders relating to such contracts, or (C) a disparity in bid and ask quotes relating to such contracts will constitute a suspension or material limitation of trading in options contracts related to the Underlying Asset notwithstanding that such suspension or material limitation is less than two hours; (v) a suspension, absence or material limitation of trading on the primary securities market on which options contracts related to the Underlying Asset are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances; and (vi) a “suspension or material limitation” on an exchange or in a market will include a suspension or material limitation of trading by one class of investors provided that such suspension continues for more than two hours of trading or during the last one-half hour period preceding the close of trading on the relevant exchange or market (but will not include limitations imposed on certain types of trading under NYSE Rule 80A or any applicable rule or regulation enacted or promulgated by the NYSE, NASDAQ, any other self-regulatory organization or the SEC of a similar scope or as a replacement for Rule 80A, as determined by the Calculation Agent) and will not include any time when such exchange or market is closed for trading as part of such exchange’s or market’s regularly scheduled business hours.

Under certain circumstances, the duties of the Calculation Agent in determining the existence of Market Disruption Events could conflict with your interests. See “Risk Factors — The Calculation Agent could be one of our affiliates, which could result in a conflict of interest”. Based on the information currently available to the Issuer, on October 27, 1997, the NYSE suspended all trading during the one-half hour period preceding the close of trading pursuant to NYSE Rule 80B and, on each of September 11, 12, 13 and 14, 2001, the NYSE suspended all trading for the entire day due to certain terrorist activity. If any such suspension of trading occurred during the term of the Notes, it would constitute a Market Disruption Event. The existence or non-existence of these circumstances, however, is not necessarily indicative of the likelihood of these circumstances arising or not arising in the future.

## **Indices**

The principal, interest or any other amounts payable on the Notes may be based on one or more indices, including movements in the levels of the indices, the prices of their components or other events relating to that index. The index or indices that comprise the Underlying Asset shall be specified in the applicable Supplement. If an Underlying Asset is comprised of more than one index or an index and at least one other type of asset, the index is a Basket Component.

### ***Underlying Asset Sponsor and Underlying Asset Information***

The Notes have not been passed on by the Sponsor of the Underlying Asset as to their legality or suitability. The Notes are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the Sponsor of the Underlying Asset. The trademarks, service marks or registered trademarks of the Sponsor of the Underlying Asset are the property of their owner. The Sponsor of the Underlying Asset makes no warranties and bears no liabilities with respect to the Notes or to the administration or operation of the Notes. This Product Supplement relates only to the Notes offered by the applicable Supplement and does not relate to any index of a Sponsor.

Information regarding an Underlying Asset comprised of an index or the Sponsor of the Underlying Asset may be obtained from various public sources including, but not limited to, press releases, newspaper articles, the Sponsor website and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of the information referred to above relating to the Underlying Asset or any other publicly available information regarding the Sponsor of the Underlying Asset. In connection with any issuance of Notes under this Product Supplement, neither we nor the agent has participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the Sponsor of the Underlying Asset. Furthermore, we cannot give any assurance that all events occurring prior to the date of the applicable Supplement (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the levels of the Underlying Asset (and therefore the levels of the Underlying Asset at the time we price the Notes) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Sponsor of the Underlying Asset could affect the interest, payments at

maturity or any other amounts payable on your Notes and therefore the market value of the Notes in the secondary market, if any.

***Market Disruption Events for Notes with the Underlying Asset Comprised of an Index or Indices***

Valuation Dates may be postponed and thus the determination of the index levels may be postponed if the Calculation Agent determines that, on the respective date, a Market Disruption Event has occurred or is continuing in respect of an index.

Any equity security, interest rate, currency exchange rate, currency, commodity or other asset or variable that comprises an index is herein referred to as an “Index Component”.

Any of the following will be a Market Disruption Event with respect to an index:

- a suspension, absence or limitation of trading in Index Components constituting 20% or more, by weight, of that index;
- a suspension, absence or limitation of trading in futures or options contracts relating to that index on their respective markets;
- any event that disrupts or impairs, as determined by the Calculation Agent, the ability of market participants to (i) effect transactions in, or obtain market values for, Index Components constituting 20% or more, by weight, of that index, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to that index on their respective markets;
- the closure on any day of the primary market for futures or options contracts relating to that index or Index Components constituting 20% or more, by weight, of that index on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;
- any scheduled trading day on which (i) the primary markets for Index Components constituting 20% or more, by weight, of that index or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on that index are traded, fails to open for trading during its regular trading session; or
- any other event, if the Calculation Agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the Notes that we or our affiliates have effected or may effect as described under “Use of Proceeds and Hedging” in the Base Prospectus.

and, in any of these events, the Calculation Agent determines that the event was material.

The following events will not be a Market Disruption Event:

- a limitation on the hours or number of days of trading on which any Index Component is traded, but only if the limitation results from an announced change in the regular business hours of the relevant market; or
- a decision to permanently discontinue trading in futures or options contracts relating to an index.

For this purpose, an “absence of trading” on an exchange or market will not include any time when the relevant exchange or market is itself closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in futures or options contracts related to the index, if available, in the primary market for those contracts, by reason of any of:

- a price change exceeding limits set by that market,
- an imbalance of orders relating to those contracts, or
- a disparity in bid and ask quotes relating to those contracts,

will constitute a suspension or material limitation of trading in futures or options contracts related to an index in the primary market for those contracts.

If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on any Valuation Date, the Valuation Date will be the first Following Business Day on which the Calculation Agent determines that a Market Disruption Event does not occur and is not continuing. In no event, however, will the Valuation Date be postponed by more than five Business Days. If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on the fifth Business Day, the Calculation Agent will make an estimate of the Closing Level for the Underlying Asset that would have prevailed on that fifth Business Day in the absence of the Market Disruption Event.

If the index is a Basket Component and the Calculation Agent determines that a Market Disruption Event occurs or is continuing with respect to the index on any Basket Valuation Date, the respective date will be postponed as described under “Underlying Assets—Baskets—Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof”.

#### ***Adjustments Relating to Notes with the Underlying Asset Comprised of an Index***

If any Sponsor discontinues publication of or otherwise fails to publish any index comprising the Underlying Asset and that Sponsor or another entity publishes a successor or substitute index that the Calculation Agent determines to be comparable to the discontinued index (that index being referred to herein as a “Successor Index”), then the level will be determined by reference to the level of that Successor Index on the date as of which that level is to be determined.

If a Successor Index is selected by the Calculation Agent, the Successor Index will be used as a substitute for the Underlying Asset for all purposes, including for purposes of determining whether a Market Disruption Event exists with respect to that index.

If (i) the index is discontinued or (ii) a Sponsor fails to publish the index, in either case, prior to (and that discontinuance is continuing on) a Valuation Date and the Calculation Agent determines that no successor or Substitute Index is available at that time, then the Calculation Agent will determine the value to be used for the level. The value to be used for the level will be computed by the Calculation Agent in the same general manner previously used by the related Sponsor and will reflect the performance of that index through the Business Day on which that index was last in effect preceding such date of discontinuance. In that case, the Calculation Agent will treat any Business Day on which the primary exchange for futures or options contracts relating to that index is open for trading as a Business Day for that index for purposes of the determination of the Final Level.

Notwithstanding these alternative arrangements, discontinuance of the publication of any index comprising the Underlying Asset may adversely affect the value of, and trading in, the Notes.

If at any time, there is:

- a material change in the formula for or the method of calculating the level of the Underlying Asset, an index comprising the Underlying Asset, or a Successor Index;



- a material change in the content, composition or constitution of the Underlying Asset, an index comprising the Underlying Asset or a Successor Index;
- a change or modification to the Underlying Asset or a Successor Index such that the Underlying Asset or Successor Index does not, in the opinion of the Calculation Agent, fairly represent the value of that Underlying Asset or Successor Index had those changes or modifications not been made, or
- any other event, if the Calculation Agent determines that the event materially interferes with our ability or the ability of any of our affiliates to unwind all or a material portion of a hedge with respect to the Notes that we or our affiliates have effected or may effect as described under “Use of Proceeds and Hedging” in the Base Prospectus.

then, for purposes of calculating the level of the index, any payments on the Notes or making any other determinations as of or after that time, the Calculation Agent will make those calculations and adjustments as the Calculation Agent determines may be necessary in order to arrive at a level for the index comparable to such index or such Successor Index, as the case may be, as if those changes or modifications had not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the Note (including the individual inputs thereof) with reference to such index or such Successor Index, as adjusted.

The Calculation Agent will make all determinations with respect to adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made. The Calculation Agent will provide information about any adjustments it makes upon your written request.

## **Commodities**

The principal, interest or any other amounts payable on the Notes may be based on a commodity, including price or level movements in or other events relating to those commodities. If an Underlying Asset is comprised of more than one commodity or a commodity and at least one other type of asset, the commodity is a Basket Component.

### ***Commodities Futures Markets***

Futures contracts on physical commodities and commodity indices are traded on regulated futures exchanges, and physical commodities and other derivatives on physical commodities and commodity indices are traded in the over-the-counter market and on various types of physical and electronic trading facilities and markets. An exchange-traded futures contract provides for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities provides for the payment and receipt of cash based on the level of the index at settlement or liquidation of the contract. A futures contract provides for a specified settlement month in which the cash settlement is made or in which the commodity or financial instrument is to be delivered by the seller (whose position is therefore described as “short”) and acquired by the purchaser (whose position is therefore described as “long”).

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as “initial margin”. This amount varies based on the requirements imposed by the exchange clearing houses. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin, which may vary in form depending on the exchange, with the clearing house or broker involved, a market participant may be able to earn interest on its margin funds, thereby increasing the total return that it may realize from an investment in futures contracts. The market participant normally makes to, and receives from, the broker subsequent daily payments as the price of the futures contract fluctuates. These payments are called “variation margin” and are made as the existing positions in the futures contract become more or less valuable, a process known as “marking to the market”.

Futures contracts are traded on organized exchanges, known as “contract markets” in the U.S. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an opposite position on the exchange on which the trader obtained the position. This

operates to terminate the position and fix the trader's profit or loss. Futures contracts are cleared through the facilities of a centralized clearing house and a brokerage firm, referred to as a "futures commission merchant", which is a member of the clearing house. The clearing house guarantees the performance of each clearing member that is a party to a futures contract by, in effect, taking the opposite side of the transaction. Clearing houses do not guarantee the performance by clearing members of their obligations to their customers.

Unlike equity securities, futures contracts, by their terms, have stated expirations and, at a specified point in time prior to expiration, trading in a futures contract for the current delivery month will cease. As a result, a market participant wishing to maintain its exposure to a futures contract on a particular commodity with the nearest expiration must close out its position in the expiring contract and establish a new position in the contract for the next delivery month, a process referred to as "rolling". For example, a market participant with a long position in November crude oil futures that wishes to maintain a position in the nearest delivery month will, as the November contract nears expiration, sell November futures, which serves to close out the existing long position, and buy December futures. This will "roll" the November position into a December position, and, when the November contract expires, the market participant will still have a long position in the nearest delivery month.

Futures exchanges and clearing houses in the United States are subject to regulation by the Commodities Futures Trading Commission. Exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in some circumstances. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. The structure and nature of trading on non-U.S. exchanges, however, may differ from this description.

#### ***Settlement Price***

The official U.S. dollar cash buyer settlement price for each commodity will be determined as described below.

- where the commodity is "Aluminum", the official settlement price per tonne of high grade primary aluminum on the London Metal Exchange ("LME") for cash delivery, as stated in U.S. dollars, as determined by the LME;
- where the commodity is "Brent Crude", the closing settlement price per barrel of Brent blend crude oil on the International Petroleum Exchange ("IPE") of the futures contract in respect of the first nearby month, stated in U.S. Dollars, as made public by the IPE;
- where the commodity is "Coal", the official price per tonne of steam coal 6,000 kcal/kg, up to 1% sulphur NAR basis, cif ARA, stated in U.S. Dollars, published under the heading "International Coal Indexes incorporating the TFS API(TM) Indices: Monthly Coal Price Indexes: TFS API 2 (cif ARA)" for the preceding calendar month in the issue of Argus/McCloskey's Coal Price Index Report that reports prices effective on that pricing date;
- where the commodity is "Copper", the official settlement price per tonne of copper-Grade A on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;
- where the commodity is "Gold", the afternoon Gold fixing price per troy ounce of unallocated Gold bullion for delivery in London through a member of the London Bullion Market Association ("LBMA") authorized to effect such delivery, stated in U.S. dollars, as calculated by the LBMA;
- where the commodity is "Lead", the official settlement price per tonne of Standard Lead on the LME for cash delivery, stated in U.S. dollars, as determined on the LME;
- where the commodity is "Gas Oil", the closing settlement price per metric ton of gas oil on the IPE of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the IPE;

- where the commodity is “Gasoline RBOB”, the closing settlement price per gallon of New York Harbor Gasoline Blendstock for Oxygen Blending on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX;
- where the commodity is “German Electricity”, the official closing price per MWh of electricity on the European Energy Exchange (“EEX”) of the Phelix Baseload Year futures contract in respect of the first nearby full year, in Euros, as made public by the EEX;
- where the commodity is “Heating Oil”, the closing settlement price per gallon of New York Harbor No. 2 heating oil on the NYMEX of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the NYMEX;
- where the commodity is “Natural Gas”, the closing settlement price per MMBTU of natural gas on the NYMEX of the Henry Hub Natural Gas futures contract in respect of the first nearby month, stated in U.S. Dollars, as made public by NYMEX;
- where the commodity is ”Nickel”, the official settlement price per tonne of primary nickel on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;
- where the commodity is “Palladium”, the afternoon Palladium fixing price per troy ounce of unallocated Palladium bullion for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. dollars, as calculated by the LPPM;
- where the commodity is “Platinum”, the afternoon Platinum fixing price per troy ounce of unallocated Platinum bullion for delivery in Zurich through a member of the London Platinum and Palladium Market (“LPPM”) authorized to effect such delivery, stated in U.S. dollars, as calculated by the LPPM;
- where the commodity is ”Silver”, the Silver fixing price per troy ounce of unallocated Silver bullion for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. dollars, as calculated by the LBMA;
- where the commodity is “Tin”, the official settlement price per tonne of Tin on the LME for cash delivery, stated in U.S. dollars, as determined by the LME;
- where the commodity is “Unleaded Gasoline”, the closing settlement price per gallon of New York Harbor unleaded gasoline on the NYMEX of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the NYMEX;
- where the commodity is “WTI Crude”, the closing settlement price per barrel of West Texas Intermediate light sweet crude oil on the New York Mercantile Exchange (“NYMEX”) of the futures contract in respect of the first nearby month, stated in U.S. dollars, as made public by the NYMEX; and
- where the commodity is “Zinc”, the official settlement price per tonne of special high grade zinc on the LME for cash delivery, as stated in U.S. dollars, as determined by the LME.

***Market Disruption Events Relating to Notes with a Commodity as the Underlying Asset***

Any of the following will be a Market Disruption Event with respect to a commodity:

- a suspension, absence or limitation of trading in (i) that commodity in its primary market, as determined by the Calculation Agent, or (ii) futures or options contracts relating to that commodity in the primary market for those contracts, as determined by the Calculation Agent;

- any event that disrupts or impairs, as determined by the Calculation Agent, the ability of market participants to (i) effect transactions in, or obtain market values for, the commodity in its primary market, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to the commodity in its primary market;
- the closure on any day of the primary market for that commodity on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;
- any scheduled trading day on which (i) the primary market for that commodity or (ii) the exchanges or quotation systems, if any, on which futures or options contracts on that commodity are traded, fails to open for trading during its regular trading session; or
- any other event, if the Calculation Agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the Notes that we or our affiliates have effected or may effect as described under “Use of Proceeds and Hedging” in the Base Prospectus.
- and, in any of these events, the Calculation Agent determines that the event was material.

The following events will not be Market Disruption Events:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market; or
- a decision to permanently discontinue trading in the futures or options contracts relating to the commodity.

For this purpose, an “absence of trading” in the primary market on which futures or options contracts related to the commodity are traded will not include any time when that market is itself closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in a commodity, or futures or options contracts related to the commodity, if available, in their primary markets, by reason of any of:

- a price change exceeding limits set by that market,
- an imbalance of orders, or
- a disparity in bid and ask quotes,

will constitute a suspension or material limitation of trading.

If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on any Valuation Date, the Valuation Date will be the first Following Business Day on which the Calculation Agent determines that a Market Disruption Event does not occur and is not continuing. In no event, however, will the Valuation Date be postponed by more than five Business Days. If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on the fifth Business Day, the Calculation Agent will make an estimate of the settlement price for the commodity that would have prevailed on that fifth Business Day in the absence of the Market Disruption Event.

If the commodity is a Basket Component and the Calculation Agent determines that a Market Disruption Event occurs or is continuing with respect to a commodity on any Basket Valuation Date, the respective date will be

postponed as described under “Underlying Assets—Baskets—Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof”.

#### ***Discontinuation of Trading; Alteration of Method of Calculation***

If the relevant exchange discontinues trading in any commodity, the Calculation Agent may replace the commodity with another commodity, whose settlement price is quoted on that exchange or any other exchange that the Calculation Agent determines to be comparable to the discontinued commodity (a “Successor Commodity”).

If the relevant exchange discontinues trading in the commodity comprising the Underlying Asset prior to, and the discontinuance is continuing on, any Valuation Date and the Calculation Agent determines that no Successor Commodity is available at that time, then the Calculation Agent will determine the settlement price for that date.

Notwithstanding these alternative arrangements, discontinuance of trading on the applicable exchange in any commodity may adversely affect the market value of the Notes.

If at any time (i) the method of calculating the official U.S. dollar cash buyer settlement price of a commodity is changed in a material respect by the applicable exchange or any other relevant exchange, (ii) there is a material change in the composition or constitution of a commodity or (iii) if the reporting thereof is in any other way modified so that the settlement price does not, in the opinion of the Calculation Agent, fairly represent the settlement price of the commodity, the Calculation Agent shall, at the close of business in New York City on each Business Day on which the settlement price is to be determined, make those calculations and adjustments as, in the judgment of the Calculation Agent, may be necessary in order to arrive at a settlement price for the commodity comparable to such commodity or such Successor Commodity, as the case may be, as if those changes or modifications had not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the Note (including the individual inputs thereof) with reference to such commodity or such Successor Commodity, as adjusted.

#### **Currency Exchange Rates**

The principal, interest or any other amounts payable on the Notes may be based on a currency exchange rate, including level movements in or other events relating to the currency exchange rates. If an Underlying Asset is comprised of more than one currency exchange rate or a currency exchange rate and at least one other type of asset, the currency exchange rate is a Basket Component.

To the extent that amounts payable on the Notes are based on an Underlying Asset comprised of one or more of the currency exchange rates below, the level with respect to that exchange rate on any day will equal the currency exchange rate as determined by the Calculation Agent by reference to the mechanics specified below:

- where the currency exchange rate is “ARS”, the Argentine Peso/U.S. Dollar official fixing rate, expressed as the amount of Argentine Pesos per one U.S. Dollar for settlement on the same day (or, if that day is not a Business Day in New York, for settlement on the first succeeding day that is a Business Day in both Buenos Aires and New York) which appears on the Reuters Screen BNAR page at the close of business in Buenos Aires on the relevant Valuation Date;
- where the currency exchange rate is “AUD”, U.S. Dollar/Australian Dollar official fixing rate, expressed as the amount of U.S. Dollars per one Australian Dollar, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen IFEE to the right of the caption “AUD” at approximately 12:00 p.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “BRL”, the Brazilian Real/U.S. Dollar offered rate for U.S. Dollars, expressed as the amount of Brazilian Reals per one U.S. Dollar, for settlement in two Business Days reported by the Banco Central do Brasil on SISBACEN Data System under transaction code PTAX-800 (“Consulta de Cambio” or exchange rate Inquiry), Option 5 (“Cotacoes para

Contabilidade” or Rates for Accounting Purposes), which appears on Reuters Screen “BRFR” page under the caption “Dolar PTAX” at approximately 6:30 pm, Sao Paolo time, on the relevant Valuation Date;

- where the currency exchange rate is “CAD”, the Canadian Dollar/U.S. Dollar official fixing rate, expressed as the amount of Canadian Dollars per one U.S. Dollar, for settlement in one Business Day reported by the Federal Reserve Bank of New York which appears on Reuters Screen 1FED to the right of the caption “CAD” at approximately 10:00 a.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “CLP”, the Chilean Peso/U.S. Dollar observed rate, expressed as the amount of Chilean Pesos per one U.S. Dollar, for settlement on the same day (or, if that day is not a Business Day in New York, for settlement on the first succeeding day that is a Business Day in both Santiago and New York) reported by the Banco Central de Chile which appears on the Reuters Screen “BCCH” page under the caption “OBSERVADO” at 10:00 a.m., Santiago time, on the first Business Day following the relevant Valuation Date;
- where the currency exchange rate is “CNY”, the Chinese Yuan/U.S. Dollar official fixing rate, expressed as the amount of Chinese Yuan per one U.S. Dollar, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen 1FEE to the right of the caption “CNY” at approximately 12:00 p.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “COP”, the Colombian Peso/U.S. Dollar official fixing rate, expressed as the amount of Colombian Pesos per one U.S. Dollar, for settlement on the same day (unless that day is not a Business Day in New York, then for settlement on the first succeeding day that is a Business Day in Bogota and New York) reported by the Colombian Banking Superintendency as the “TASA Representativa del Mercado” as of 12:00 noon, Bogota time, on the first Business Day following the relevant Valuation Date;
- where the currency exchange rate is “CZK”, the Czech Koruna/Euro fixing rate, expressed as the amount of Czech Koruna per one Euro which appears on Reuters Screen ECB37 to the right of the caption “CZK” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “DKK”, the Danish Krone/Euro fixing rate, expressed as the amount of Danish Krone per one Euro which appears on Reuters Screen ECB37 to the right of the caption “DKK” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “ECS”, the Ecuadorian Sucre/U.S. Dollar official fixing rate, expressed as the amount of Ecuadorian Sucres per one U.S. Dollar, for settlement in one Business Day (where that day is a Business Day in Guayaquil and New York) which appears on the Reuters Screen “DNRP” page at 12:00 noon, Guayaquil time, on the relevant Valuation Date;
- where the currency exchange rate is “EUR”, one divided by the U.S. Dollar/Euro official fixing rate, expressed as the amount of U.S. Dollars per one Euro, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen 1FED to the right of the caption “EUR” at approximately 10:00 a.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “GBP”, one divided by the U.S. Dollar/Sterling official fixing rate, expressed as the amount of U.S. Dollars per one Pound Sterling, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen 1FED to the right of the caption “GBP” at approximately 10:00 a.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “HKD”, the Hong Kong Dollar/U.S. Dollar official fixing rate, expressed as the amount of Hong Kong Dollars per one U.S. Dollar, for settlement in two Business

Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen 1FEE to the right of the caption “HKD” at approximately 12:00 p.m., New York time, on the relevant Valuation Date;

- where the currency exchange rate is “HUF”, the Hungarian Forint/Euro fixing rate, expressed as the amount of Hungarian Forint per one Euro which appears on Reuters Screen ECB37 to the right of the caption “HUF” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “IDR”, the Indonesian Rupiah/U.S. Dollar spot rate at 11:00 a.m., Singapore time, expressed as the amount of Indonesian Rupiah per one U.S. Dollar, for settlement in two Business Days, reported by the Association of Banks in Singapore which appears on the Reuters page “ABSIRFIX01” to the right of the caption “Spot” under the column “IDR” at approximately 11:30 a.m., Singapore time, on the relevant Valuation Date;
- where the currency exchange rate is “ILS”, the Israeli Shekel/U.S. Dollar official fixing rate, expressed as the amount of Israeli Shekels per one U.S. Dollar, for settlement in two Business Days which appears on the Reuters “BOIJ” page as of 1:00 p.m., Tel Aviv time, on the relevant Valuation Date;
- where the currency exchange rate is “INR”, the spot rate for the relevant Valuation Date will be the Indian Rupee/U.S. Dollar reference rate, expressed as the amount of Indian Rupee per one U.S. Dollar, for settlement in two Business Days reported by the Reserve Bank of India which appears on the Reuters Screen “RBIB” page at approximately 12:30 p.m., Mumbai time, or as soon thereafter as practicable, on the relevant Valuation Date;
- where the currency exchange rate is “ISK”, the Icelandic Krona/Euro fixing rate, expressed as the amount of Icelandic Krona per one Euro which appears on Reuters Screen ECB37 to the right of the caption “ISK” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “JPY”, the Japanese Yen/U.S. Dollar official fixing rate, expressed as the amount of Japanese Yen per one U.S. Dollar, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen “1FED” to the right of the caption “JPY” at approximately 10:00 a.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “KRW”, the Korean Won/U.S. Dollar market average rate (official fixing), expressed as the amount of Korean Won per one U.S. Dollar, for settlement in two Business Days reported by the Korea Financial Telecommunications and Clearing Corporation which appears on the Reuters Screen “KFTC18” page under the heading “KRW” and in the row “USD” between the hours of 8:00 a.m. and 9:00 a.m., Seoul time, on the first Business Day following the relevant Valuation Date;
- where the currency exchange rate is “LBP”, the Lebanese Pound/U.S. Dollar official fixing rate, expressed as the amount of Lebanese Pounds per one U.S. Dollar, for settlement in two Business Days which appears on the Reuters Screen “BDLX” page as of 12:00 noon, Beirut time, on the relevant Valuation Date;
- where the currency exchange rate is “MAD”, the Moroccan Dirham/U.S. Dollar official fixing rate, expressed as the amount of Moroccan Dirham per one U.S. Dollar, for settlement in two Business Days reported by the Central Bank of Morocco as of 1:00 p.m., Rabat time, on the relevant Valuation Date;
- where the currency exchange rate is “MXP”, the Mexican Pesos/U.S. Dollar official fixing rate, expressed as the amount of Mexican Pesos per one U.S. Dollar, for settlement in two Business Days reported by Banco de Mexico which appears on the Reuters Screen “BNMX” page opposite the caption “Fix” at the close of business in Mexico City on the relevant Valuation Date;

- where the currency exchange rate is “MYR”, the Malaysian Ringgit/U.S. Dollar spot rate at 11:00 a.m., Singapore time, expressed as the amount of Malaysian Ringgit per one U.S. Dollar, for settlement in two Business Days, reported by the Association of Banks in Singapore, which appears on the Reuters page “ABSIRFIX01” to the right of the caption “Spot” under the column “MYR” at approximately 11:30 a.m., Singapore time, on the relevant Valuation Date;
- where the currency exchange rate is “NOK”, the Norwegian Krone/Euro fixing rate, expressed as the amount of Norwegian Krone per one Euro which appears on Reuters Screen “ECB37” to the right of the caption “NOK” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “NZD”, the New Zealand Dollar/U.S. Dollar official fixing rate, expressed as the amount of New Zealand Dollars per one U.S. Dollar, for settlement in two Business Days reported by the Federal Reserve Bank of New York which appears on Reuters Screen “1FEE” to the right of the caption “NZD” at approximately 12:00 p.m., New York time, on the relevant Valuation Date;
- where the currency exchange rate is “PEN”, the Peruvian Sol/U.S. Dollar fixing rate (mid market last), expressed as the amount of Peruvian Sols per one U.S. Dollar, for settlement on that same day which appears on the Reuters Screen “PDSB” page opposite the caption “PEN=“ as of 12:00 noon, Lima time, on the relevant Valuation Date;
- where the currency exchange rate is “PHP”, the Philippine Peso/U.S. Dollar tom rate (mid market), expressed as the amount of Philippine Pesos per one U.S. Dollar, for settlement in one Business Day which appears on the Reuters Screen “PHPESO” page at approximately 11:00 a.m., Manila time, on the relevant Valuation Date;
- where the currency exchange rate is “PLN”, the Polish Zloty/Euro fixing rate, expressed as the amount of Polish Zloty per one Euro which appears on Reuters Screen ECB37 to the right of the caption “PLN” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “PKR”, the Pakistan Rupee/U.S. Dollar reference rate, expressed as the amount of Pakistan Rupee per one U.S. Dollar, for settlement in two Business Days which appears on Reuters Screen “SBPK” page at the specified time, if any, on the relevant Valuation Date;
- where the currency exchange rate is “PLZ”, the Polish Zloty/U.S. Dollar fixing rate, expressed as the amount of Polish Zloty per one U.S. Dollar, for settlement in two Business Days reported by the National Bank of Poland which appears on the Reuters Screen “NBPR” page at the specified time, if any, on the relevant Valuation Date;
- where the currency exchange rate is “RUB”, the Russian Ruble/U.S. Dollar official fixing rate, expressed as the amount of Russian Rubles per one U.S. Dollar, for settlement on the same day reported by the Chicago Mercantile Exchange pursuant to its arrangement with the Emerging Markets Traders Association which appears on the Reuters Screen “EMTA” page as of 11:00 a.m., Moscow time, on the relevant Valuation Date;
- where the currency exchange rate is “SEK”, the Swedish Krona/Euro fixing rate, expressed as the amount of Swedish Krona per one Euro which appears on Reuters Screen “ECB37” to the right of the caption “SEK” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “SGD”, the Singapore Dollar/U.S. Dollar spot rate at 11:00 a.m., Singapore time, expressed as the amount of Singapore Dollar per one U.S. Dollar, for settlement in two Business Days, reported by the Association of Banks in Singapore which appears on the Reuters page “ABSIRFIX01” to the right of the caption “Spot” under the column “SGD” at approximately 11:30 a.m., Singapore time, on the relevant Valuation Date;



- where the currency exchange rate is “SKK”, the Slovak Koruna/U.S. Dollar official fixing rate, expressed as the amount of Slovak Koruna per one U.S. Dollar, for settlement in two Business Days reported by the National Bank of Slovakia which appears on the Reuters Screen “NBSB” page as of 11:40 a.m., Bratislava time, on the relevant Valuation Date;
- where the currency exchange rate is “THB”, the Thai Baht/U.S. Dollar spot rate at 11:00 a.m., Singapore time, expressed as the amount of Thai Baht per one U.S. Dollar, for settlement in two Business Days, reported by the Association of Banks in Singapore which appears on the Reuters page “ABSIRFIX01” to the right of the caption “Spot” under the column “THB” at approximately 11:30 a.m., Singapore time, on the relevant Valuation Date;
- where the currency exchange rate is “TRY”, the Turkish Lira/Euro fixing rate, expressed as the amount of Turkish Lira per one Euro which appears on Reuters Screen “ECB37” to the right of the caption “TRY” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “TWD”, the Taiwanese Dollar/U.S. Dollar specified rate, expressed as the amount of Taiwanese Dollars per one U.S. Dollar, for settlement in two Business Days which appears on the Reuters Screen “TFEMA” page as of 11:00 a.m., Taipei time, on the relevant Valuation Date;
- where the currency exchange rate is “UAH”, the Ukrainian Hryvnia/U.S. Dollar interbank rate, expressed as the amount of Ukrainian Hryvnia per one U.S. Dollar, for settlement on the same day reported by the Ukraine Interbank Currency Exchange which appears on the Reuters Screen “UICE1” page at the specified time, if any, on the relevant Valuation Date;
- where the currency exchange rate is “USD”, the U.S. Dollar/Euro fixing rate, expressed as the amount of U.S. Dollar per one Euro which appears on Reuters Screen ECB37 to the right of the caption “USD” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date;
- where the currency exchange rate is “VER”, the Venezuelan Bolivar/U.S. Dollar tipo de câmbio referencial rate, expressed as the amount of Venezuelan Bolivar per one U.S. Dollar, for settlement in two Business Days (where these days are Business Days in both Caracas and New York) reported by the Banco Central de Venezuela which appears on the Reuters Screen “VBCV” page at approximately 5:00 p.m., Caracas time, on the relevant Valuation Date; and
- where the currency exchange rate is “ZAR”, the South African Rand/Euro fixing rate, expressed as the amount of South African Rand per one Euro which appears on Reuters Screen “ECB37” to the right of the caption “ZAR” at approximately 2:15 p.m., Central European time, on the relevant Valuation Date.

The screen or time of observation indicated in relation to any currency exchange rate above shall be deemed to refer to that screen or time of observation as modified or amended from time to time, or to any substitute screen thereto.

To the extent that amounts payable on the Notes are based on an Underlying Asset comprised of one or more currency exchange rates not described above, the Closing Level of that currency exchange rate on any day will equal the currency exchange rate as determined by the Calculation Agent by reference to the mechanics, the Reuters Screen, Bloomberg Page or other pricing source and the time specified in the applicable Supplement.

***Market Disruption Events Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates***

Any of the following will be a Market Disruption Event where the Underlying Asset is comprised of a currency exchange rate or exchanges rates:

- any event or any condition (including without limitation any event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of, or any change in or amendment to, any law, rule or regulation by any applicable governmental authority) that results in an

illiquid market for currency transactions or that generally makes it impossible, illegal or impracticable for market participants, or hinders their abilities, (a) to convert from one foreign currency to another through customary commercial channels, (b) to effect currency transactions or (c) to obtain the currency exchange rate by reference to the applicable price source;

- (i) the declaration of a banking moratorium or (ii) the suspension of payments by banks, in either case, in the country of any currency used to determine the applicable currency exchange rate or (iii) the declaration of capital and/or currency controls (including without limitation any restriction placed on assets in or transactions through any account through which a non-resident of the country of any currency used to determine the applicable currency exchange rate may hold assets or transfer monies outside the country of that currency, and any restriction on the transfer of funds, securities or other assets of market participants from or within or outside of the country of any currency used to determine the applicable currency exchange rate); or
- any other event, if the Calculation Agent determines that the event interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the Notes that we or our affiliates have effected or may effect as described under “Use of Proceeds and Hedging” in the Base Prospectus;
- and, in any of these events, the Calculation Agent determines that the event was material.

If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on any Valuation Date, the Valuation Date will be the first Following Business Day on which the Calculation Agent determines that a Market Disruption Event does not occur and is not continuing. In no event, however, will the Valuation Date be postponed by more than five Business Days. If the Calculation Agent determines that a Market Disruption Event occurs or is continuing on the fifth Business Day, the Calculation Agent will make an estimate of the currency exchange rate for the currency that would have prevailed on that fifth Business Day in the absence of the Market Disruption Event.

If the currency exchange rate is a Basket Component and the Calculation Agent determines that a Market Disruption Event occurs or is continuing with respect to a currency exchange rate on any Basket Valuation Date, the respective date will be postponed as described under “Underlying Assets—Baskets—Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof”.

***Adjustments Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates***

If the Calculation Agent determines that (i) any currency exchange rate has been removed from circulation or otherwise discontinued and (ii) banks dealing in foreign exchange and foreign currency deposits in the underlying currency commence trading a successor or substitute currency substantially similar to the foreign currency that the Calculation Agent determines is comparable to the discontinued currency (that currency being referred to herein as a “Successor Currency”), then the level for the currency will be determined by reference to the value of the Successor Currency at the time determined by the Calculation Agent on the markets for the Successor Currency on the relevant Valuation Date.

If the Calculation Agent determines that any Successor Currency shall be utilized for purposes of calculating the level of the currency comprising the currency exchange rate, or making any other determinations as of or after that time, the Calculation Agent will make those calculations and adjustments as, in judgment of the Calculation Agent, may be necessary in order to arrive at a value of a currency exchange rate for a currency comparable to the underlying currency, as if those changes or modifications had not been made, and shall calculate the payment at maturity (including the individual inputs thereof) and the Final Level with reference to that currency or the Successor Currency, as adjusted. In this event, the Calculation Agent will provide written notice to the trustee thereof, and the trustee will furnish written notice thereof, to the extent the trustee is required to under the senior debt indenture, to each noteholder, or in the case of Global Notes, the depositary, as holder of the Global Notes.

Notwithstanding these alternative arrangements, discontinuance of the publication of the level of any currency comprising the currency exchange rate may adversely affect the value of, and trading in, the Notes.

If at any time the method of calculating the level of a currency or a Successor Currency, or the value thereof, is changed in a material respect, or is in any other way modified so that the conventional market quotation does not, in the opinion of the Calculation Agent, fairly represent the value of that currency or Successor Currency had those changes or modifications not been made, then, for purposes of calculating any level, the payment at maturity or making any other determinations as of or after that time, the Calculation Agent will make those calculations and adjustments as the Calculation Agent determines may be necessary in order to arrive at a value for that currency comparable to the underlying currency comprising the currency exchange rate or that Successor Currency, as the case may be, as if those changes or modifications have not been made, and calculate the amount of interest, payment at maturity and other amounts payable on the Note (including the individual inputs thereof) with reference to the currency or the Successor Currency, as adjusted.

### **Baskets**

The principal, interest or any other amounts payable on the Notes may be based on a basket of multiple instruments or measures, including but not limited to equity securities, commodities, indices, foreign currencies, interest rates and/or any combination thereof.

To the extent that a component of a basket is comprised of an asset type herein described, see the applicable section under the heading “Underlying Assets” for further information that may affect that component of the basket, and therefore the Underlying Asset of your Notes.

#### ***Market Disruption Events for Notes with the Underlying Asset Comprised of a Basket of Multiple Indices, Equity Securities, Foreign Currencies, Interest Rates, Commodities, Any Other Assets or Any Combination Thereof***

With respect to each Basket Component, a Market Disruption Event will be described in the section of this Product Supplement applicable to that Basket Component.

For example, the “Underlying Assets – Securities or Linked Shares” section describes the circumstances under which the Calculation Agent may determine that there is a Market Disruption Event with respect to a Basket Component that consists of an equity security.

The Basket Valuation Date will be the date stated in the applicable Supplement, unless the Calculation Agent determines that a Market Disruption Event occurs or is continuing on that respective day.

If no Market Disruption Event exists with respect to a Basket Component on a Basket Valuation Date, such Basket Component’s level, value or price shall be determined on the scheduled Basket Valuation Date. To the extent that a Market Disruption Event exists with respect to a component on the Basket Valuation Date, the price, value or level of that disrupted Basket Component shall be determined in accordance with the procedures set forth above for the specific Underlying Asset type of the Basket Component.

#### ***Adjustments Relating to Notes with the Underlying Asset Comprised of a Basket***

If the Calculation Agent substitutes a Successor Index, Successor Currency or Successor Commodity, as the case may be, or otherwise affects or modifies the Underlying Asset, the Calculation Agent will make those calculations and adjustments as, in judgment of the Calculation Agent, may be necessary in order to arrive at a basket comparable to the original basket (including without limitation changing the percentage weights of the Basket Components), as if those changes or modifications had not been made, and shall calculate the amount of interest, payment at maturity and other amounts payable on the Note (including the individual inputs thereof) with reference to that basket or the Successor Basket (as described below), as adjusted. In this event, the Calculation Agent will provide written notice to the trustee thereof, and the trustee will furnish written notice thereof, to the extent the trustee is required to under the senior debt indenture, to each noteholder, or in the case of Global Notes, the depositary, as holder of the Global Notes.

In the event of the adjustment described above, the newly composed basket is referred to herein as the “Successor Basket” and will be used as a substitute for the original basket for all purposes.

If the Calculation Agent determines that the available successors as described above do not fairly represent the value of the original Basket Component or Basket, as the case may be, then the Calculation Agent will determine the level, value or price of the Basket Component or the Basket Level for any Basket Valuation Date as described under “Underlying Assets—Indices—Adjustments Relating to Notes with the Underlying Asset Comprised of an Index” with respect to indices comprising the Basket Component, “Underlying Assets—Commodities—Discontinuation of Trading; Alteration of Method of Calculation” with respect to commodities comprising the Basket Component and “Underlying Assets—Currency Exchange Rates—Adjustments Relating to Notes with the Underlying Asset Comprised of a Currency Exchange Rate or Currency Exchange Rates” with respect to currency exchange rates comprising the Basket Component.

Notwithstanding these alternative arrangements, discontinuance of trading on the applicable exchanges or markets in any Basket Component may adversely affect the market value of the Notes.

### **Underlying Asset Information Provider**

The Notes have not been passed on by the information provider of the Underlying Asset as to their legality or suitability. The Notes are not issued, endorsed, sponsored or promoted by and are not financial or legal obligations of the information provider of the Underlying Asset. The trademarks, service marks or registered trademarks of the information provider of the Underlying Asset are the property of their respective owners. The information provider of the Underlying Asset makes no warranties and bears no liabilities with respect to the Notes or to the administration or operation of the Notes.

Applicable historical data on the Underlying Asset will be provided in the applicable Supplement.

The possible “information providers” of the Underlying Assets are Bloomberg screen, Reuters Screen, Telerate or any other information provider as specified in the applicable Supplement.

#### ***Bloomberg screen***

“Bloomberg screen” means, when used in connection with any designated pages, the display page so designated on the Bloomberg service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor).

#### ***Reuters Screen***

“Reuters Screen” means, when used in connection with any designated page, the display page so designated on the Reuters Money 3000 Service (or any other page as may replace that page on that service for the purpose of displaying rates or prices).

#### ***Telerate***

“Telerate” means, when used in connection with any designated page, the display page so designated on the Moneyline Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor).

**\$30,000,000,000**

**Guaranteed as to All Payments by**



**BNP PARIBAS**

---

**Product Supplement**

---



**BNP PARIBAS**

**Up to U.S.\$30,000,000,000**

**BNP PARIBAS**

**(as Issuer)**

**BNP PARIBAS US MEDIUM-TERM NOTE PROGRAM LLC**

**(as Issuer)**

Notes Guaranteed by

**BNP PARIBAS, NEW YORK BRANCH**

**Prospectus Supplement**

to the Base Prospectus dated May 30, 2008

The Notes (as defined below) are being offered from time to time on a continuous basis in one or more series (each, a “Series”) by each of BNP Paribas, a French incorporated company (*société anonyme*) (the “Bank” or “BNP Paribas” and, together with its consolidated subsidiaries, the “Group” or “BNP Paribas Group”), and BNP Paribas US Medium-Term Note Program LLC, a Delaware limited liability company (the “LLC” and, together with the Bank, the “Issuers” and each, an “Issuer”) and a wholly owned subsidiary of the Bank.

The Notes will be entitled to the benefit of an unconditional senior guarantee (the “Senior Guarantee”) or subordinated guarantee (the “Subordinated Guarantee” and, together with the Senior Guarantee, the “Guarantees”), as the case may be, of the due payment thereof issued by the Bank, acting through its New York Branch (in such capacity, the “Guarantor”).

The specific terms of each Series of Notes will be set forth in additional prospectus supplements and/or pricing supplements (each, a “supplement”) to this prospectus supplement and the base prospectus dated May 30, 2008 (the “base prospectus”). The Notes may be offered pursuant to the exemption from registration provided by Section 3(a)(2) (the “3(a)(2) Notes”) of the Securities Act of 1933, as amended (the “Securities Act”), or offered in reliance on the exemption from registration provided by Rule 144A (the “144A Notes”) under the Securities Act (“Rule 144A”) only to qualified institutional buyers (“QIBs”), within the meaning of Rule 144A. In addition, any such 144A Notes may, if specified in the applicable supplement, be offered outside the United States to non-U.S. persons (as such term is defined in Rule 902 under the Securities Act (a “non-U.S. person”)) pursuant to Regulation S (the “Regulation S Notes” and, together with the 3(a)(2) Notes and the 144A Notes, the “Notes”) under the Securities Act (“Regulation S”). You should read this prospectus supplement, the base prospectus and the accompanying supplements, if any, carefully before you invest. The provisions of this prospectus supplement supersede those of the base prospectus in the event and to the extent of any inconsistency. All capitalized terms not defined herein shall have the meaning given to them in the base prospectus.

*(continued on next page)*

---

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 3.

---

The 3(a)(2) Notes and the Guarantees are not required to be, and have not been, registered under the Securities Act. In addition, the 144A Notes and Regulation S Notes have not been, and will not be, registered under the Securities Act, or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The 144A Notes and Regulation S Notes may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the seller of the 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers and resales, see the section “Notice to Investors” in the base prospectus. The Issuers have not registered as invested companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

BNPP Securities, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Branch and the Issuers. As a result of this conflict of interest, the offering is being conducted in accordance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority (“FINRA”). See “Plan of Distribution—Conflicts of Interest.”

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the Notes or determined that this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense. Under no circumstances shall this prospectus supplement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.

The Notes constitute unconditional liabilities of the respective Issuers, and the Guarantees constitute unconditional obligations of the Guarantor. None of the Notes or the Guarantees are insured or guaranteed by the Federal Deposit Insurance Corporation (the “FDIC”) or any other governmental agency or instrumentality.

---

**BNP PARIBAS**

Barclays Capital  
Goldman, Sachs & Co.

BofA Merrill Lynch  
J.P. Morgan

Citi  
Morgan Stanley

*(continued from front cover)*

***Certain persons participating in any Notes offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including stabilizing and syndicate covering transactions. For a description of these activities, see “Plan of Distribution.”***

*The Issuers expect that the Dealers (as defined herein) for any offering will include one or more of their broker-dealer or other affiliates, including BNP Paribas Securities Corp. (“BNPP Securities”). These broker-dealer or other affiliates also expect to offer and sell previously issued Notes as part of their business and may act as a principal or agent in such transactions, although a secondary market for the Notes cannot be assured. The Issuers or any of their broker-dealer or other affiliates may use this prospectus supplement, the base prospectus and any accompanying supplement in connection with any of these activities, including for market-making transactions involving the Notes after their initial sale.*

*The price and amount of Notes to be issued under the Program will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.*

*It is not possible to predict whether the Notes will trade in a secondary market or, if they do, whether such market will be maintained or will be liquid or illiquid. BNPP Securities or another Dealer, as applicable, or one or more of its or their affiliates, reserves the right to enter, from time to time and at any time, into agreements with one or more holders of Notes to provide a market for the Notes but neither BNPP Securities, any other Dealer or its or their affiliates are obligated to do so or to make any market for the Notes.*

*After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, BNPP Securities may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.*

*Unless otherwise specified in the accompanying supplement, each Note will be represented initially by a global security (a “Book-Entry Note”) registered in the name of a nominee of The Depository Trust Company (together with any successor, “DTC”). Beneficial interests in Book-Entry Notes represented by a global security will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Book-Entry Notes will not be issuable in definitive form, except under the circumstances described under the section “Book-Entry Procedures and Settlement” in the base prospectus and in any applicable supplement.*

*Notes may be listed on any stock exchange as may be agreed between the relevant Issuer and the relevant Dealers in respect of each issue. The Issuers may also issue unlisted Notes.*

*The contents of this prospectus supplement, the base prospectus and any accompanying supplement should not be construed as investment, legal or tax advice. This prospectus supplement, the base prospectus and any accompanying supplement, as well as the nature of an investment in any Notes, should be reviewed by each prospective investor with such prospective investor’s investment advisor, legal counsel and tax advisor.*

*The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Each transferee or purchaser of Notes will be deemed to have made certain acknowledgments, representations and agreements relating to such restrictions on transfer and resale as more fully described in the section “Notice to Investors” in the base prospectus.*

*Any reproduction or distribution of this prospectus supplement, the base prospectus and any accompanying supplement, in whole or in part, or any disclosure of their contents or use of any of their information for purposes other than evaluating a purchase of the Notes is prohibited without the express written consent of the Issuers.*

*We are responsible for the information contained and incorporated by reference in this prospectus supplement, the base prospectus and any accompanying supplement. We have not authorized anyone to give you any other information and we take no responsibility for any other information that others may give you. This prospectus supplement, the base prospectus and any accompanying supplement do not constitute an offer to sell, or the solicitation of an offer to buy, any of the Notes offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The delivery of this prospectus supplement, the base prospectus and any accompanying supplement at any time does not imply that the information herein is correct as of any time subsequent to its date.*

*This prospectus supplement and the base prospectus have been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under 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 an offering contemplated in this prospectus supplement and the base prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer 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, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*With respect to any offer of Notes made pursuant to sub-paragraph (ii) above, this prospectus supplement and the base prospectus are advertisements for the purposes of applicable measures implementing Directive 2003/71/EC (such Directive, together with any amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the relevant Member State, and any applicable implementing measures in the relevant home Member State under such Directive, the “Prospectus Directive”). The term “2010 PD Amending Directive” means Directive 2010/73/EU. Any prospectus prepared pursuant to the Prospectus Directive will be published and, when published, can be obtained upon written request mailed to BNP Paribas, New York Branch, 787 Seventh Avenue, New York, New York 10019.*

#### *NOTICE TO NEW HAMPSHIRE RESIDENTS*

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



TABLE OF CONTENTS

	<b><u>Page</u></b>
Forward-Looking Statements .....	1
Exchange Rate and Currency Information.....	1
Presentation of Financial Information .....	2
Risk Factors .....	3
Selected Financial Data .....	9
Capitalization of the Group .....	13
The LLC .....	17
The Bank and the Group.....	17
The Branch .....	17
Supervision and Regulation of the Branch and the Bank in the United States .....	18
Terms and Conditions of the Notes .....	22
Taxation.....	47
Plan of Distribution (Conflicts of Interest) .....	61
Documents Deemed to Be Incorporated by Reference .....	65
Available Information.....	65

## FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements. The Issuers, the Guarantor and the Group may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in their base prospectus and accompanying supplements, in press releases and in 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 Issuers', Guarantor'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 Issuers, the Guarantor and the Group undertake no obligation to update publicly any of them in light of new information or future events.

## EXCHANGE RATE AND CURRENCY INFORMATION

In this prospectus supplement, references to "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 "USD," "\$," "U.S.\$" and "U.S. dollars" are to United States dollars. References to "cents" are to United States cents. Certain financial information contained herein and in the documents incorporated by reference herein is presented in euros. On May 27, 2011, the exchange rate as published by Bloomberg at approximately 12:30 p.m. (New York time) was U.S.\$1.43 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates (each, the "Noon Buying Rate") for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

<u>Month</u> U.S. dollar/Euro	<u>Period End</u>	<u>Average Rate*</u>	<u>High</u>	<u>Low</u>
May 2011 (through May 27, 2011)	1.43	1.43	1.49	1.40
April 2011	1.48	1.45	1.48	1.42
March 2011	1.41	1.40	1.42	1.38
February 2011	1.38	1.37	1.38	1.35
January 2011	1.37	1.34	1.37	1.29
December 2010	1.33	1.32	1.34	1.31
November 2010	1.30	1.37	1.42	1.30
October 2010	1.39	1.39	1.41	1.37
<u>Year</u> U.S. dollar/Euro				
2010	1.32	1.33	1.38	1.30
2009	1.43	1.39	1.51	1.25
2008	1.39	1.47	1.60	1.24
2007	1.47	1.38	1.49	1.29
2006	1.32	1.26	1.33	1.19

\* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for year average; on each business day of the month (or portion thereof) for monthly average.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or euros, as the case may be, at any particular rate.

## PRESENTATION OF FINANCIAL INFORMATION

The LLC is a wholly owned subsidiary of the Bank. The Bank's New York Branch (the "Branch") and the LLC do not separately produce complete financial statements and, therefore, unless otherwise indicated, any reference in this prospectus supplement to the "Financial Statements" is to the consolidated financial statements, including the notes thereto, of the Bank and its consolidated subsidiaries as at December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008. The Financial Statements include the results of the Bank and those of the Branch. Most of the financial data presented in this prospectus supplement are presented in euros.

The audited consolidated financial statements as at December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008 have been prepared in accordance with international financial reporting standards ("IFRS") as adopted by the European Union.

Due to rounding, the numbers presented throughout this prospectus supplement may not add up precisely, and percentages may not reflect precisely absolute figures.

## **RISK FACTORS**

*The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Notes issued under this prospectus supplement, the base prospectus and any accompanying supplement. The factors that will be of relevance to the Notes will depend upon a number of interrelated matters including, but not limited to, the nature of the issue of Notes. Prospective purchasers should carefully consider the following discussion of risks, the risk factors included in the base prospectus, any risk factors included in the Information Statement, dated as of June 7, 2011 (or any subsequent Information Statement), which is incorporated by reference herein, and any risk factors in any applicable supplement before deciding whether to invest in the Notes. However, these risk factors do not disclose all possible risks associated with an investment in the Notes, and additional risks may arise after the date of the offering.*

No investment should be made in the Notes until after careful consideration of all those factors that are relevant in relation to the Notes.

### **The Unavailability of Currencies Could Result in a Substantial Loss to You**

Except as set forth below, if payment on a Note is required to be made in a Specified Currency other than U.S. dollars and that currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the relevant Issuer's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on that Note shall be made in U.S. dollars until the Specified Currency is again available or so used. The amounts so payable on any date in the Specified Currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the currency or as otherwise indicated in the applicable supplement. Any payment on a Note made under these circumstances in U.S. dollars will not constitute an event of default under the Fiscal and Paying Agency Agreement under which the Note was issued.

If the Specified Currency of a Note is officially redenominated, such as by an official redenomination of any Specified Currency that is a composite currency, then the payment obligations of the relevant Issuer on the Note will be the amount of such redenominated currency that represents the amount of such Issuer's obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Specified Currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on Notes made in a currency other than U.S. dollars will be made from an account at a bank located outside the United States unless otherwise specified in the applicable supplement. You should consult your own financial and legal advisors as to the risks of an investment in Notes denominated in a Specified Currency other than U.S. dollars.

### **Judgments in a Foreign Currency Could Result in a Substantial Loss to You**

The Notes will be governed by, and construed in accordance with, the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar. A 1987 amendment to the Judiciary Law of New York State provides, however,

that a judgment or decree awarded in an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment or decree awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree. There will be no provision for any further payments if exchange rates continue to change after the judgment is rendered.

### **The Historical or Hypothetical Performance of the Underlying Asset Is Not an Indication of Future Performance**

The historical or hypothetical performance of any Underlying Assets, which may be included in the applicable pricing supplement, should not be taken as an indication of the future performance of any such Underlying Assets. It is impossible to predict whether the level, value or price of any Underlying Asset will fall or rise during the term of the Notes.

Past fluctuations and trends in the Underlying Assets are not necessarily indicative of fluctuations or trends that may occur in the future.

### **Reported Levels, Values and Prices of Underlying Assets and Their Components May Be Based on Non-Current Information**

If trading is interrupted in the Underlying Assets or any of their components, publicly available information regarding the level, value or price of the Underlying Asset may be based on the last reported levels, values or prices. As a result, publicly available information regarding reported levels, values or prices of the Underlying Assets or their components may at times be based on non-current information.

### **The Underlying Assets or Their Components May Trade Around-the-Clock; However, if a Secondary Market Develops, the Notes May Trade Only During Regular Trading Hours in the United States**

If the market for the Underlying Assets or their components is a global, around-the-clock market, the hours of trading for the Notes may not conform to the hours during which the Underlying Assets or their components are traded. To the extent that U.S. markets are closed while international markets remain open, significant movements may take place in the levels, values or prices of the Underlying Assets or their components that will not be reflected immediately in the price of the Notes. There may not be any systematic reporting of last-sale or similar information for the Underlying Assets or their components. The absence of last-sale or similar information and the limited availability of quotations would make it difficult for many investors to obtain timely, accurate data about the state of the market for the Underlying Assets or their components.

### **The Notes Are Intended to Be Held to Maturity**

You may receive less, and potentially significantly less, than the amount you originally invested if you sell your Notes prior to maturity. You should be willing and able to hold your Notes until maturity.

### **The Notes May Not Be Listed on Any Securities Exchange and There May Not Be Any Secondary Market**

The Notes may not be listed on any securities exchange, and upon issuance, the Notes will not have an established trading market. The Issuers cannot assure you that a trading market for the Notes will develop or, if one develops, that it will be maintained. Even if there is a secondary market, it may not provide liquidity. A lack of liquidity for the Notes may mean that investors are not able to sell their Notes or may not be able to sell their Notes at a price equal to the price that they paid for them, and, consequently, investors may suffer a partial or total loss of the amount of their investments.

While the Issuers anticipate that the Issuers' affiliate, BNPP Securities, may make a market for the Notes, it is not required to do so. Since the Notes may not be listed on any securities exchange, if BNPP Securities were to cease acting as a market maker, it is likely that there would be no secondary market for the Notes. You therefore must be willing and able to hold the Notes until maturity.

**The Price at which You Will Be Able to Sell Your Notes Prior to Maturity Will Depend on a Number of Factors, and May Be Substantially Less Than the Amount You Had Originally Invested**

If you wish to liquidate your investment in the Notes prior to maturity, your only alternative, in the absence of any repayment at the option of the holder provisions, would be to sell your Notes. At that time, there may be an illiquid market for Notes or no market at all. Even if you were able to sell your Notes, there are many factors outside of the Issuers' control that may affect their market value. The Issuers believe that the market value of your Notes will be affected by the volatility of the Underlying Asset, the level, value or price of the Underlying Asset at the time of the sale, changes in interest rates, the supply and demand of the Notes and a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor.

The price, if any, at which you will be able to sell your Notes prior to maturity may be substantially less than the amount you originally invested depending upon, the level, value or price of the Underlying Asset at the time of the sale. The following paragraphs describe the manner in which the Issuers expect the market value of the Notes to be affected in the event of a change in a specific factor, assuming all other conditions remain constant.

*Underlying Asset performance.* The Issuers expect that the market value of the Notes prior to maturity will depend on the current level (or in some cases, performance from the date on which the Notes price) of the Underlying Asset relative to its initial level, value or price. If you decide to sell your Notes prior to maturity when the current level, price or value of the Underlying Asset at the time of sale is favorable relative to its initial level, value or price, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that level, value or price because of expectations that the level, value or price will continue to fluctuate until the final level, value or price is determined.

*Volatility of the Underlying Asset.* Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Underlying Assets or their components increases or decreases, the market value of the Notes may be adversely affected.

*Interest rates.* The Issuers expect that the market value of the Notes will be affected by changes in interest rates. Interest rates also may affect the economy and, in turn, the value of the components of the Underlying Asset, which would affect the market value of the Notes.

*Supply and demand for the Notes.* The Issuers expect that the market value of the Notes will be affected by the supply of, and demand for, the Notes. In general, if the supply of the Notes decreases and/or the demand for the Notes increases, the market value of the Notes may increase. Alternatively, if the supply for the Notes increases and/or the demand in the Notes decreases, the market value of the Notes may be adversely affected. The supply of the Notes, and therefore the market value of the Notes, may be affected by inventory positions held by BNPP Securities or any market maker.

*Redemption/call rights.* Either your right to redeem the Notes or the Issuers' right to call the Notes may affect the market value of the Notes. Generally, the grant of a redemption right to holders of Notes may enhance the market value of the Notes while a call right by the Issuers may adversely affect the market value of the Notes.

*Our credit ratings, financial condition and results of operations.* Actual or anticipated changes in the Issuers' and the Guarantor's current credit ratings, as well as the Issuers' financial condition or results of operations may significantly affect the market value of the Notes. However, because the return on the Notes is dependent upon factors in addition to the Issuers' and the Guarantor's ability to pay their obligations under the Notes (such as the current level, value or price of the Underlying Asset), an improvement in the Issuers' credit ratings, financial condition or results of operations is not expected to have a positive effect on the market value of the Notes. These credit ratings relate only to the Issuers' and the Guarantor's creditworthiness, do not affect or enhance the performance of the Notes and are not indicative of the risks associated with the Notes or an investment in the Underlying Asset. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

*Time remaining to maturity.* A “time premium” results from expectations concerning the level, value or price of the Underlying Asset during the period prior to the maturity of the Notes. As the time remaining to the maturity of the Notes decreases, this time premium will likely decrease, potentially adversely affecting the market value of the Notes. As the time remaining to maturity decreases, the market value of the Notes may be less sensitive to the volatility in the components of the Underlying Asset.

Events affecting or involving the Underlying Asset, economic, financial, regulatory, geographic, judicial, political and other developments that affect the level, value or price of the Underlying Assets and their components, and real or anticipated changes in those factors, also may affect the market value of the Notes. For example, for Underlying Assets composed of equity securities, earnings results of a component of the Underlying Asset, and real or anticipated changes in those conditions or results, may affect the market value of the Notes.

*Agent’s commission and cost of hedging.* The initial offering price of the Notes includes the agent’s commission or discount, if any, and the cost of hedging the Issuers’ obligations under the Notes. These costs may include the Issuers’ or the Issuers’ affiliates’ expected cost of providing that hedge and the profit the Issuers expect to realize in consideration for assuming the risks inherent in providing that hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, in secondary market transactions will likely be lower than the original issue price, and could result in a substantial loss to you.

The effect of one of the factors specified above may offset some or all of any change in the market value of the Notes attributable to another factor.

#### **The Notes Are Not Insured by the FDIC**

The Notes are not deposit liabilities of the Bank and neither the Notes nor your investment in the Notes are insured by the FDIC or any other governmental agency of the United States, France or any other jurisdiction.

#### **Since the Notes Are Unsecured, Your Right to Receive Payments May Be Adversely Affected**

The Notes will be unsecured obligations of the relevant Issuer and will rank *pari passu* with themselves. Each issue of Notes will be guaranteed by the Guarantor pursuant to the Guarantee. The obligations under the Guarantee will be unsecured obligations of the Guarantor and unsubordinated, in the case of the Senior Guarantee, and subordinated, in the case of the Subordinated Guarantee, and will rank *pari passu* with all its other present and future unsecured obligations that are unsubordinated or subordinated, as the case may be, subject as may from time to time be mandatory under applicable law.

#### **Subordinated Notes Will Not Be Issued until Uncertainty as to Their Qualification as Tier 2 Capital Instruments under the Basel III Reforms Is Resolved**

On December 17, 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled “Strengthening the resilience of the banking sector.” On December 16, 2010 and on January 13, 2011, the Basel Committee issued its final guidance on Basel III. The Basel III reforms require “Tier 1” and “Tier 2” capital instruments to be more loss-absorbing. The European Commission intends to adopt in the near future a capital adequacy requirements text (CRD IV) amending Directives no. 2006/48/EC of June 14, 2006 and no. 2006/49/EC of June 14, 2006 (together, CRD I) and Directive no. 2009/111/EC of September 16, 2009 (CRD II), which is expected to transpose the Basel III reforms and will be applicable from January 1, 2013. The requirements will be subject to a series of transitional arrangements and will be phased in over a period of time.

The Bank will not issue any Subordinated Notes under this prospectus supplement the proceeds of which are intended to qualify as “Tier 2” capital until the Bank is comfortable that the provisions of the Subordinated Notes as currently drafted in this prospectus supplement would be in compliance with such implementing

regulations (including any national transposition, if applicable, or whichever regulation the *Autorité de Contrôle Prudentiel* deems necessary to include).

### **There Are No Security Interests in the Notes or Other Financial Instruments Held by the Bank**

There are no restrictions on the Issuers' ability or the ability of any of their affiliates to sell, pledge or otherwise convey all or any portion of the securities or other instruments acquired by the Issuers or their affiliates. Neither the Issuers nor any of their affiliates will pledge or otherwise hold those securities or other instruments for the benefit of holders of the Notes.

Consequently, in the event of a bankruptcy, insolvency or liquidation involving us, any of those securities or instruments that the Issuers own will be subject to the claims of the Issuers' creditors generally and will not be available specifically for the benefit of the holders of the Notes. The principal, coupon or any other amounts payable on the Notes constitute the Issuers' direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu*, without any preference among themselves, with all the Issuers' other outstanding unsecured and unsubordinated obligations, present and future, except those obligations as are preferred by operation of law.

### **The Material U.S. Federal Income Tax Consequences of an Investment in Some Types of Notes Are Uncertain**

There is no direct legal authority as to the proper tax treatment of some types of Notes, and therefore significant aspects of the tax treatment of some types of Notes are uncertain, as to both the timing and character of any inclusion in income in respect of your Note. The applicable pricing supplement will provide further information as to the tax treatment of the Issuers' Notes. The Issuers urge you to consult your tax advisor as to the tax consequences of your investment in a Note. For a more complete discussion of the U.S. federal income tax consequences of your investment in a Note, please see the discussion under "Taxation—United States Federal Income Taxation."

### **Trading and Other Transactions by the Issuers or the Issuers' Affiliates Could Affect the Level, Value or Price of Underlying Assets and their Components, the Market Value of the Notes or the Amount of Coupon, Principal or Other Amounts Payable on Your Notes**

In connection with the Issuers' normal business practices or in connection with hedging the Issuers' obligations under the Notes, the Issuers and the Issuers' affiliates may from time to time buy or sell the Underlying Assets and their components, or similar instruments, or derivative instruments relating to the Underlying Assets or their components. These trading activities may present a conflict of interest between your interest in the Notes and the interests the Issuers and the Issuers' affiliates may have in the Issuers' proprietary accounts, in facilitating transactions, including block trades, for the Issuers' other customers and in accounts under the Issuers' management. These trading activities also could affect the level, value or price of the Underlying Assets in a manner that would decrease the market value of the Notes prior to maturity or the amount you would receive at maturity. To the extent that the Issuers or any of the Issuers' affiliates have a hedge position in the Underlying Assets or its components, or in a derivative or synthetic instrument related to the Underlying Assets or its components, the Issuers or any of the Issuers' affiliates may increase or liquidate a portion of those holdings at any time before, during or after the term of the Notes. This activity may affect the amount payable at maturity or any calculation of the market value of the Notes in a manner that would be adverse to your investment in the Notes. Depending on, among other things, future market conditions, the aggregate amount and the composition of those hedge positions are likely to vary over time. In addition, the Issuers or any of the Issuers' affiliates may purchase or otherwise acquire a long or short position in the Notes. The Issuers or any of the Issuers' affiliates may hold or resell any such position in the Notes.

### **Research Reports and Other Transactions May Create Conflicts of Interest Between You and Us**

The Issuers or one or more of the Issuers' affiliates may have published, and may in the future publish, research reports relating to the Underlying Assets or any of its components. The views expressed in this research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the level, value or price of the Underlying Assets or their components and, therefore, the market value of the Notes. Moreover, other professionals



who deal in these markets may at any time have views that differ significantly from the Issuers. In connection with your purchase of the Notes, you should investigate the Underlying Asset and not rely on the Issuers' views with respect to future movements in the Underlying Assets and their components.

The Issuers or any of the Issuers' affiliates also may issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the Underlying Asset. By introducing competing products into the marketplace in this manner, the Issuers or the Issuers' affiliates could adversely affect the market value of the Notes.

The Issuers and the Issuers' affiliates, at present or in the future, may engage in business relating to the person or organization responsible for calculating, publishing or maintaining the Underlying Assets, which the Issuers refer to as the "Sponsor" of the Underlying Asset. In addition, the Issuers or the Issuers' affiliates may engage in business relating to any components of the Underlying Assets, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to the respective Sponsor or issuer. In connection with these activities, the Issuers may receive information pertinent to the Underlying Assets or their components that the Issuers will not divulge to you.

#### **No Research Recommendation on Your Notes**

Although the Bank or one or more of the Issuers' affiliates may publish research on, or assign a research recommendation to, other financial products linked to the performance of any of the Underlying Assets, neither the Bank nor any of the Issuers' affiliates publishes research on, or assigns a research recommendation to, your Notes.

## SELECTED FINANCIAL DATA

The following tables present selected financial data concerning the Group as of December 31, 2010, 2009, 2008, 2007 and 2006 and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006.

The selected financial data for the Group as of December 31, 2010, 2009 and 2008 and for the years ended December 31, 2010, 2009 and 2008 have been derived from, and should be read in conjunction with, the audited consolidated financial statements of the Group as of December 31, 2010 and for the year ended December 31, 2010 and as of December 31, 2009 and for the year ended December 31, 2009, including comparative columns for the year ended December 31, 2008, incorporated by reference herein.

The audited consolidated financial statements of the Group as of and for the years ended December 31, 2010, 2009 and 2008 have been prepared in accordance with IFRS as adopted by the European Union.

**BNP Paribas Group**
**Year ended December 31,  
(in millions of euros)**

<b>Income Statement (EU-IFRS)</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net interest income .....	24,060	21,021	13,498	9,708	9,124
Net commission income .....	8,486	7,467	5,859	6,322	6,104
Net gain on financial instruments at fair value through profit or loss.....	5,109	6,085	2,693	7,843	7,573
Net gain on available-for-sale financial assets .....	452	436	464	2,507	1,367
Net income from other activities.....	5,773	5,182	4,862	4,657	3,775
<b>Revenues .....</b>	<b>43,880</b>	<b>40,191</b>	<b>27,376</b>	<b>31,037</b>	<b>27,943</b>
Operating expense and depreciation .....	(26,517)	(23,340)	(18,400)	(18,764)	(17,065)
<b>Gross operating income .....</b>	<b>17,363</b>	<b>16,851</b>	<b>8,976</b>	<b>12,273</b>	<b>10,878</b>
Cost of risk .....	(4,802)	(8,369)	(5,752)	(1,725)	(783)
<b>Operating income .....</b>	<b>12,561</b>	<b>8,482</b>	<b>3,224</b>	<b>10,548</b>	<b>10,095</b>
Share of earnings of associates .....	268	178	217	358	293
Net gain on non-current assets .....	269	87	481	153	195
Change in value of goodwill .....	(78)	253	2	(1)	(13)
Income taxes .....	(3,856)	(2,526)	(472)	(2,747)	(2,762)
Minority interests .....	1,321	642	431	(489)	(500)
<b>Net income attributable to equity holders.....</b>	<b>7,843</b>	<b>5,832</b>	<b>3,021</b>	<b>7,822</b>	<b>7,308</b>

<b>BNP Paribas Group Balance Sheet (EU-IFRS)</b>	<b>At December 31, 2010</b>	<b>At December 31, 2009</b>	<b>At December 31, 2008</b>	<b>At December 31, 2007</b>	<b>At December 31, 2006</b>
	(in millions of euros)				
<i>Assets</i>					
Cash and amounts due from central banks and post office banks	33,568	56,076	39,219	18,542	9,642
Financial assets at fair value through profit or loss.....	832,945	828,784	1,192,271	931,706	744,858
Derivatives used for hedging purposes .....	5,440	4,952	4,555	2,154	2,803
Available-for-sale financial assets .....	219,958	221,425	130,725	112,594	96,739
Loans and receivables due from credit institutions.....	62,718	88,920	69,153	71,116	75,170
Loans and receivables due from customers .....	684,686	678,766	494,401	445,103	393,133
Remeasurement adjustment on interest-rate risk hedged portfolios .....	2,317	2,407	2,541	(264)	(295)
Held-to-maturity financial assets .....	13,773	14,023	14,076	14,808	15,149
Current and deferred tax assets .....	11,557	12,117	6,055	2,965	3,443
Accrued income and other assets .....	83,124	103,361	82,457	60,608	66,915
Policyholders' surplus reserve	-	-	531	-	-
Investments in associates .....	4,798	4,761	2,643	3,333	2,772
Investment property .....	12,327	11,872	9,920	6,693	5,813
Property, plant and equipment .....	17,125	17,056	14,807	13,165	12,470
Intangible assets.....	2,498	2,199	1,810	1,687	1,569
Goodwill .....	11,324	10,979	10,918	10,244	10,162
<b>Total Assets.....</b>	<b>1,998,158</b>	<b>2,057,698</b>	<b>2,075,551</b>	<b>1,694,454</b>	<b>1,440,343</b>
<i>Liabilities and Shareholders' Equity</i>					
Due to central banks and post office banks.....	2,123	5,510	1,047	1,724	939
Financial liabilities at fair value through profit or loss .....	725,105	709,337	1,054,802	796,125	653,328
Derivatives used for hedging purposes .....	8,480	8,108	6,172	1,261	1,335
Due to credit institutions .....	167,985	220,696	186,187	170,182	143,650
Due to customers .....	580,913	604,903	413,955	346,704	298,652
Debt securities .....	208,669	211,029	157,508	141,056	121,559
Remeasurement adjustment on interest-rate risk hedged portfolios .....	301	356	282	20	367
Current and deferred tax liabilities .....	3,745	4,762	3,971	2,475	2,306
Accrued expenses and other liabilities.....	65,229	72,425	83,434	58,815	53,661
Technical reserves of insurance companies .....	114,918	101,555	86,514	93,320	87,044
Provisions for contingencies and charges .....	10,311	10,464	4,388	4,738	4,718
Subordinated debt .....	24,750	28,209	18,323	18,641	17,960
Minority interests in consolidated subsidiaries .....	10,997	10,843	5,740	5,594	5,312
Shareholders' equity (group share) .....	74,632	69,501	53,228	53,799	49,512
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>1,998,158</b>	<b>2,057,698</b>	<b>2,075,551</b>	<b>1,694,454</b>	<b>1,440,343</b>

**BNP Paribas Group Capital Ratios  
(EU-IFRS)**

**At December 31,**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total ratio.....	14.5%	14.2%	11.1%	10.2%
Tier 1 ratio.....	11.4%	10.1%	7.8%	7.1%
Risk-weighted assets (in billions of euros).....	601	621	535	533



## CAPITALIZATION OF THE GROUP

Except as set forth in this section, there has been no material change in the capitalization of the Group since March 31, 2011.

The following table sets forth the consolidated capitalization of the Group as of March 31, 2011 and December 31, 2010.

<i>(in millions of euros)</i>	<u>As of March 31, 2011</u>	<u>As of December 31, 2010</u>
<b>Medium- and Long-Term Debt (of which the unexpired term to maturity is more than one year)<sup>(1)</sup></b>		
Debt securities at fair value through profit or loss	33,419	37,878
Other debt securities	62,425	64,265
Subordinated debt	18,995	20,922
<b>Total Medium- and Long-Term Debt</b>	<b>114,839</b>	<b>123,065</b>
Shareholders' Equity		
Issued capital <sup>(2)</sup>	2,400	2,397
Additional paid-in capital	23,566	23,314
Preferred shares and equivalent instruments <sup>(3)</sup>	8,041	8,029
Retained earnings <sup>(4)</sup>	39,961	38,213
Unrealized or deferred gains and losses attributable to Shareholders	(555)	169
Undated participating subordinated notes <sup>(5)</sup>	227	227
Undated subordinated FRNs <sup>(6)</sup>	4,930	4,592
<b>Total Shareholders' Equity</b>	<b>78,570</b>	<b>76,941</b>
Minority interests <sup>(7)</sup>	10,340	10,390
<b>Total Capitalization</b>	<b>203,749</b>	<b>210,396</b>

Notes:

- 1) Medium- and long-term debt does not include the following items: interbank items and customer term deposits. All medium- and long-term senior debt of BNP Paribas ranks equally with deposits. The subordinated debt of BNP Paribas is subordinated to all other debt with the exception of undated participating subordinated notes (titres participatifs).

The Bank and its subsidiaries issue medium- to long-term debt on a continuous basis, particularly through private placements in France and abroad.

Euro against foreign currency as of December 31, 2010, CAD = 1.3316, GBP = 0.8576, CHF = 1.2486, HKD = 10.3946, JPY = 108.5926, USD = 1.3371.

Euro against foreign currency as 31 March 31, 2011, CAD = 1.3754, GBP = 0.8838, CHF = 1.3011, HKD = 11.0536, JPY = 117.9724, USD = 1.4199.

- 2) At December 31, 2010, the Bank's share capital stood at €2,396,307,068 divided into 1,198,153,534 shares with a par value of €2 each. Since the end of 2010, at January 17, 2011, 506,622 shares have been created following the exercise of options. As a result, at June 7, 2011, the Bank's share capital stood at €2,397,320,312 divided

into 1,198,660,156 shares with a par value of € each.

- 3) In June 2005, BNP Paribas issued \$1,350 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.186% semi-annually for a period of ten years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.68% per annum.

In October 2005, BNP Paribas issued \$400 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.25% per annum. As from October 17, 2011, BNP Paribas may redeem the notes at par on each interest payment date.

In October 2005, BNP Paribas issued €1 billion of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.875% per annum. As from October 17, 2011, BNP Paribas may redeem the notes at par on each interest payment date.

In April 2006, BNP Paribas issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.73% per annum from and including April 12, 2006 to but excluding April 12, 2016, payable annually in arrears on a non-cumulative basis on April 12 of each year, commencing on April 12, 2007, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.69% per annum, payable quarterly in arrears on January 12, April 12, July 12 and October 12 of each year commencing on July 12, 2016. As from April 12, 2016, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.68% per annum.

In April 2006, BNP Paribas issued £450 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.945% per annum from and including April 19, 2006 to but excluding April 19, 2016, payable annually in arrears on a non-cumulative basis on April 19 of each year, commencing on April 19, 2007, and thereafter at a floating rate equal to three-month GBP LIBOR plus a margin equal to 1.13% per annum, payable quarterly in arrears on January 19, April 19, July 19 and October 19 of each year commencing on July 19, 2016. As from July 19, 2016, BNP Paribas may redeem the notes at par on each interest payment date.

In July 2006, BNP Paribas issued €150 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.45% per annum from and including July 13, 2006 to but excluding July 13, 2026, payable annually in arrears on a non-cumulative basis on July 13, 2007, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.92% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2026.

Also in July 2006, BNP Paribas issued £325 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.945% per annum from and including July 13, 2006 to but excluding July 13, 2016, payable annually in arrears on a non-cumulative basis on July 13 of each year, commencing on July 13, 2007, and thereafter at a floating rate equal to three-month GBP LIBOR plus a margin equal to 1.81% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2016.

In April 2007, BNP Paribas issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.019% per annum from and including April 13, 2007 to but excluding April 13, 2017, payable annually in arrears on a non-cumulative basis on April 13 of each year, commencing on April 13, 2008, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.72% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on July 13, 2017.

In June 2007, BNP Paribas issued \$600 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.500% per annum for a period of five years. As from June 2012, BNP Paribas may redeem the notes at par on each interest payment date.

In June 2007, BNP Paribas issued \$1,100 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.195% per annum for a period of thirty years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.29% per annum.

In October 2007, BNP Paribas issued £200 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.436% per annum for a period of ten years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month GBP LIBOR plus a margin equal to 1.85% per annum.

In December 2007, Fortis Banque France (merged into the Bank as of May 12, 2010) issued €60 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month EURIBOR plus a margin of 2.880% per annum payable quarterly in arrears for a period of ten years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 3.88% per annum.

In June 2008, BNP Paribas issued €500 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.781% per annum for a period of ten years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 3.75% per annum.

In September 2008, BNP Paribas issued €50 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 8.667% per annum for a period of five years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 4.05% per annum.

In September 2008, BNP Paribas issued €100 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.57% per annum for a period of ten years. Thereafter, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 3.925% per annum.

In December 2009, BNP Paribas issued €2 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month Euribor plus a margin equal to 3.75% per annum, payable quarterly in arrears for a period of ten years. As from December 2019, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas issued €17 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.028% per annum for a period of ten years. As from December 2019, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas issued \$70 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month USD LIBOR plus a margin equal to 3.750% per annum, payable quarterly in arrears for a period of ten years. As from December 2019, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas issued \$0.5 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.384% per annum for a period of ten years. As from December 2019, BNP Paribas may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 4.75% per annum.

- 4) After estimated distribution and deduction at cost of 3,998,016 BNP Paribas shares held by BNP Paribas as at December 31, 2008 and 2,345,072 BNP Paribas shares held by BNP Paribas as at March 31, 2009.
- 5) Undated participating subordinated notes issued by BNP SA between 1984 and 1988 for a total amount of €337 million are redeemable only in the event of the liquidation of the Bank, but may be redeemed in accordance with the terms specified in the law of January 3, 1983. Under this option, 434,267 of the 2,212,761 notes initially issued were redeemed between 2004 and 2007 and subsequently cancelled. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if the Ordinary General Meeting of shareholders held to approve the financial statements states that there is no income available for distribution.
- 6) Subordinated debt mainly comprises an issue of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) made by Fortis Banque (now BNP Paribas Fortis) in December 2007, for a nominal amount of €3 billion and a market value of €1,500 million at December 31, 2010. They bear interest at a floating rate equal to



three-month Euribor plus a margin equal to 2% paid quarterly in arrears. The CASHES are undated but may be exchanged for Fortis SA/NV shares at the holder's sole discretion at a price of €23.94. However, as of December 19, 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if the price is equal to €35.91 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Banque acquired on the date of issuance of the CASHES and pledged to them: they are recognized as financial assets and measured at fair value through profit or loss, which amounted to €214 million at December 31, 2010. Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares. At December 31, 2010, the value of the RPN was €635 million recognized on the balance sheet under "Derivative instruments held for trading" (Financial assets at fair value through profit or loss). On the basis of this RPN value, the debtor pays the creditor interest at three-month Euribor plus 20 basis points, for which BNP Paribas has a guarantee from the Belgian government.

The remaining subordinated debt includes €459 million of undated floating-rate subordinated notes (TSDIs), €1,813 million of other undated subordinated notes and €820 million of undated subordinated debt.

- 7) In October 2000, BNP Paribas Capital Preferred LLC, a wholly-owned subsidiary of BNP Paribas, issued \$500 million of noncumulative preferred securities, via BNP Paribas Capital Trust. They pay a contractual dividend of 9.003% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month LIBOR plus a margin equal to 3.26%.

In October 2001, BNP Paribas Capital Preferred III LLC, a wholly-owned subsidiary of BNP Paribas, issued €500 million of noncumulative preferred securities, via BNP Paribas Capital Trust III. They pay a contractual dividend of 6.625% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.6%.

In January 2002, BNP Paribas Capital Preferred IV LLC, a wholly owned subsidiary of BNP Paribas, issued €660 million of noncumulative preferred securities, via BNP Paribas Capital Trust IV. They pay a contractual dividend of 6.342% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.33%.

In January 2003, BNP Paribas Capital Preferred VI LLC, a wholly owned subsidiary of BNP Paribas, issued €700 million of noncumulative preferred securities, via BNP Paribas Capital Trust VI. They pay a contractual dividend of 5.868% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.48%.

In March 2003, the LaSer-Cofinoga sub-group, which is partially consolidated into the Group, issued €100 million (before application of the proportionate consolidation rate) of noncumulative preferred securities, via Cofinoga Funding Trust I. They pay a non-cumulative preferred dividend of 6.82% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 3.75%.

In January and May 2004, the LaSer-Cofinoga sub-group, which is partially consolidated into the Group, issued €80 million (before application of the proportionate consolidation rate) of noncumulative preferred securities, via Cofinoga Funding Trust II. They pay a non-cumulative preferred dividend of TEC 10<sup>1</sup> plus a margin equal to 1.35% for a period of 10 years. As from January and May 2014, respectively, the issuer may redeem the securities at par on each dividend payment date.

---

<sup>1</sup> TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

## THE LLC

The LLC is a Delaware limited liability company formed on October 1, 2002. The LLC is a wholly owned subsidiary of the Bank formed for the purpose of issuing the Notes and making the proceeds of the sale thereof available to the Bank, at its head office or branches, or its subsidiaries. The LLC's principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

## THE BANK AND THE GROUP

The BNP Paribas Group (of which the Bank is the parent company) is a European leader in banking and financial services. It has one of the largest international banking networks, a presence in over 80 countries and more than 200,000 employees, including over 160,000 in Europe. The Bank enjoys key positions in its three activities: Retail Banking, Investment Solutions and Corporate and Investment Banking. At December 31, 2010, the Group had consolidated assets of €1,998.2 billion and shareholders' equity (Group share including income for 2010) of €74.6 billion.

The Bank's principal office is located at 16, boulevard des Italiens, 75009 Paris, France, and its telephone number is 33 1 40 14 45 46.

## THE BRANCH

BNP Paribas operates the New York branch (the "Branch") pursuant to a license issued by the Superintendent in 1976. The Branch conducts an extensive banking business serving U.S. and non-U.S. customers, including French clients of BNP Paribas and their U.S. subsidiaries. The Branch's principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

## **SUPERVISION AND REGULATION OF THE BRANCH AND BNP PARIBAS IN THE UNITED STATES**

The U.S. banking operations of BNP Paribas, including those conducted through the Branch, are subject to extensive state and U.S. federal regulation and supervision.

### ***New York State Law***

BNP Paribas is licensed by the New York Superintendent of Banks (the “Superintendent”) under the New York Banking Law (the “NYBL”) to conduct a commercial banking business in the State of New York through the Branch. The Branch is examined by the New York State Banking Department and the Federal Reserve System and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch.

Under the NYBL and regulations adopted by the New York Banking Board, BNP Paribas must maintain for the Branch, with banks in the State of New York, high-quality eligible assets, which are pledged to the Superintendent for certain purposes. The amount of assets required to be pledged is generally determined on the basis of a sliding scale (whereby the amount of assets required to be pledged as a percentage of the third-party liabilities of BNP Paribas decreases as such liabilities increase) in the case of foreign banking corporations that have been designated as “well-rated” by the Superintendent, as BNP Paribas is currently designated. Should BNP Paribas cease to be “well-rated” by the Superintendent, it may need to maintain substantial additional amounts of eligible assets with banks in the State of New York. The Superintendent is also empowered to require a New York branch of a foreign bank to maintain in New York specified assets equal to such percentage of certain of the branch’s liabilities as the Superintendent may designate. Currently, the Superintendent has set this percentage at 0%, although specific asset maintenance requirements may be imposed upon individual branches on a case-by-case basis. The Superintendent has not prescribed such a requirement for the Branch.

The NYBL authorizes the Superintendent to take possession of the business and property of a foreign banking corporation in the State of New York and its New York branch under certain circumstances, generally involving violation of law, conduct of business in an unauthorized or unsafe manner, capital impairment, the suspension of payment of obligations, initiation of liquidation proceedings against the foreign bank, or reason to doubt the foreign bank's ability to pay in full the claims of its creditors. Pursuant to the NYBL, when the Superintendent takes possession of a foreign bank's business and property in the State of New York, it succeeds to the branch's assets and the assets of the foreign bank located in New York State. In liquidating or dealing with the branch's business after taking possession of the branch, the Superintendent will accept for payment out of the branch's assets only the claims of depositors and other creditors unaffiliated with the foreign bank that arose out of transactions with the branch (without prejudice to the rights of the holders of such claims to be satisfied out of other assets of the foreign bank). After such claims are paid out of the business and property of the foreign bank in New York, the Superintendent would turn over the remaining assets, if any, to the foreign bank or its duly appointed liquidator or receiver.

The Branch is generally subject under the NYBL to the same single borrower (or issuer) lending and investment limits applicable to a New York State-chartered bank, except that for the Branch such limits, which are expressed as a percentage of capital, are based on the worldwide capital of BNP Paribas.

The NYBL also requires foreign banking corporations to make written reports on an ongoing basis to the Superintendent showing the amount of their assets and liabilities and containing such other matters as the Superintendent prescribes.

### ***U.S. Federal Law***

In addition to being subject to New York laws and regulations, the Branch is also subject to U.S. federal regulation.

### ***Regulatory Developments.***

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was signed into law. Although the Dodd-Frank Act calls for significant structural reforms and new substantive regulation across the financial industry, implementation will require further detailed rulemaking and interpretation over several years by different U.S. regulators, including the Department of the Treasury, the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”), the SEC, the FDIC, the Commodity Futures Trading

Commission (the “CFTC”) and the newly created Financial Stability Oversight Council (the “Council”). In imposing heightened capital, leverage, liquidity and other prudential standards on foreign banking organizations such as BNP Paribas, the Federal Reserve Board is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the foreign bank is subject to comparable home country standards.

Among other things, the Dodd-Frank Act will limit the ability of banking entities to sponsor or invest in private equity or hedge funds or to engage in certain types of proprietary trading in the United States, requires that sizable financial holding companies, such as BNP Paribas, provide prior notice to the Federal Reserve Board of certain large acquisitions of non-bank companies, and provides U.S. regulators with tools to provide greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk. Increased capital requirements are also expected to apply to holding companies that BNP Paribas maintains over its U.S. Subsidiary Banks (as defined below). The Dodd-Frank Act establishes a new regime for the orderly liquidation of systemically significant financial companies and authorizes assessments on financial institutions with U.S.\$50 billion or more in consolidated assets to repay debts that may be owed to the U.S. Treasury Department in connection with a liquidation under the new insolvency regime.

In addition, the Dodd-Frank Act will create an extensive framework for the regulation of over-the-counter derivatives (which may require BNP Paribas to restructure the manner in which it conducts certain of these activities), requires broader regulation of hedge funds and private equity funds, as well as credit agencies, and imposes new requirements with respect to asset securitization activities. Under the Dodd-Frank Act, entities of BNP Paribas that are swap dealers, security-based swap dealers, major swap participants or major security-based swap participants will be required to register with the SEC or CFTC, or both, and will become subject to the requirements as to capital, margin, business conduct, recordkeeping and other requirements applicable to such entities. The details of these requirements will be established through numerous regulations to be issued by various U.S. regulatory authorities.

The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of U.S. courts over actions brought by the SEC or the United States with respect to violations of the antifraud provisions in the Securities Act, the Exchange Act and the Investment Advisers Act.

Other legislative proposals or future rulemaking, either under U.S. federal or New York State law, could also potentially have a material adverse effect on the business of BNP Paribas and the operations of the Branch. Implementation of the Dodd-Frank Act and related final regulations could result in additional costs or limit or restrict the way BNP Paribas conducts its business, although uncertainty remains about the details, impact and timing of these changes.

#### *U.S. Bank Regulatory Framework.*

The Branch is also subject to regulation under the International Banking Act of 1978, as amended (the “IBA”), including the amendments to the IBA made pursuant to the Foreign Bank Supervision Enhancement Act of 1991 (the “FBSEA”). Under the IBA, as amended by the FBSEA, all U.S. branches of foreign banks, such as the Branch, are subject to reporting and examination requirements of the Federal Reserve Board, which acts as the U.S. “umbrella supervisor” of BNP Paribas. In addition, most U.S. branches and agencies of foreign banks, including the Branch, are subject to Federal Reserve Board requirements and limitations on the acceptance and maintenance of deposits and restrictions on the payment of interest on demand deposits (although the prohibition on the payment of interest on demand deposits will be removed under the Dodd-Frank Act). The Branch's deposits are not, and are not required or permitted to be, insured by the FDIC. In general, under the IBA, as amended by the FBSEA and implemented in applicable regulation, the Branch is not permitted to accept domestic retail deposits having a balance of less than U.S.\$250,000. In addition, U.S. branches of foreign banks, including the Branch, are also subject to reserve requirements on deposits pursuant to regulations of the Federal Reserve Board.

Among other things, the FBSEA provides that a state-licensed branch of a foreign bank (such as the Branch) may not engage as principal in any type of activity that is not permissible for a federally-licensed branch or agency of a foreign bank unless the Federal Reserve Board has determined that such activity is consistent with sound banking practice. A state-licensed branch must also comply with the same single borrower (or issuer) lending and investment limits applicable to national banks. These limits are based on the foreign bank's worldwide capital

and, in the case of a foreign bank with multiple U.S. branches and agencies (such as BNP Paribas), the foreign bank must aggregate the business of all of its U.S. branches and agencies in determining compliance with these limits. Under the Dodd-Frank Act, lending limits will take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties. In addition, regulations that the Council, or the Consumer Financial Protection Bureau established under the Dodd-Frank Act, may adopt could affect the nature of the activities which BNP Paribas (including the Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

The FBSEA authorizes the Federal Reserve Board to terminate the activities of a U.S. branch or agency of a foreign bank if it finds that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country, or if there is reasonable cause to believe that such foreign bank or one of its affiliates has violated the law or engaged in an unsafe or unsound banking practice in the United States, and as a result, continued operation of the branch or agency would be inconsistent with the public interest and the purposes of U.S. federal banking laws. If the Federal Reserve Board were to use this authority to close the Branch, creditors of the Branch would have recourse against non-U.S. branches of BNP Paribas, unless the Superintendent or other regulatory authorities were to make alternative arrangements for the payment of the liabilities of the Branch.

The Bank Holding Company Act of 1956, as amended (the "BHCA"), imposes significant restrictions on the U.S. non-banking operations of BNP Paribas and on its worldwide holdings of equity in companies operating in the United States. The Gramm-Leach-Bliley Act (the "GLBA") significantly modified these restrictions. Once the GLBA took effect in 2000, qualifying bank holding companies and foreign banks that became "financial holding companies" were permitted to engage through non-bank subsidiaries in a broad range of non-banking activities in the United States (subject to regulatory requirements and limitations), including insurance, securities, merchant banking and other financial activities, in many cases without prior notice to, or approval from the Federal Reserve Board or any other U.S. banking regulator. The GLBA does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature, and in general does not affect or expand the permitted activities of a U.S. branch of a foreign bank (such as the Branch).

The GLBA did not affect certain provisions of the BHCA that govern the acquisition of U.S. banks. Accordingly, as was the case prior to the effectiveness of the GLBA, BNP Paribas is required to obtain the prior approval of the Federal Reserve Board before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting securities (or "control") of any U.S. bank, bank holding company or certain other types of U.S. depository institution or depository institution holding company. Under U.S. federal banking law and regulations issued by the Federal Reserve Board, the Branch is also restricted in engaging in certain "tying" arrangements involving various products and services, and the Branch is required to comply with certain volume limits and collateral requirements applicable to certain extensions of credit to, or other covered transactions with, its U.S. affiliates engaged in certain securities, insurance or merchant banking activities.

Under the GLBA and related Federal Reserve Board regulations, BNP Paribas became a financial holding company effective April 2, 2001. To qualify as a financial holding company, BNP Paribas was required to certify and demonstrate that it was "well capitalized" and "well managed" at the time (in each case, as defined by Federal Reserve Board regulation). These standards, as applied to BNP Paribas, are comparable to the standards U.S. domestic banking organizations must satisfy to qualify as financial holding companies. In terms of capital requirements, each of BNP Paribas and its U.S. subsidiary banks, Bank of the West, San Francisco, California, and First Hawaiian Bank, Honolulu, Hawaii (collectively, the "U.S. Subsidiary Banks"), must in general maintain a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10% (in each case, calculated in accordance with the respective home country standards of BNP Paribas and the U.S. Subsidiary Banks). In addition, the U.S. Subsidiary Banks must also meet applicable leverage ratio and Community Reinvestment Act standards. If, in the future, BNP Paribas were to acquire control of another U.S. bank (or certain other types of U.S. depository institution), or were to acquire control of a non-U.S. bank with a U.S. branch (or certain other U.S. banking operations), such U.S. or non-U.S. bank must also satisfy the Federal Reserve Board's "well-capitalized" and "well-managed" standards in order for BNP Paribas to maintain its status as a financial holding company. At any time when BNP Paribas or either of the U.S. Subsidiary Banks, or any such other U.S. or non-U.S. bank, is not well capitalized or well managed, or otherwise fails to take action to correct unsatisfactory conditions or to meet any of the requirements for BNP Paribas to maintain its financial holding company status, then, depending on the

requirement in question, BNP Paribas may be required to discontinue certain financial activities or terminate its U.S. banking operations, or may be limited in its ability to expand certain activities or undertake certain acquisitions.

The GLBA and the regulations issued thereunder contain a number of other provisions that could affect the U.S. banking operations of BNP Paribas. One such provision relates to the financial privacy of consumers. In addition, the so-called "push-out" provisions of the GLBA narrow the exclusion of banks (including U.S. branches of foreign banks, such as the Branch) from the definitions of "broker" and "dealer" under the Exchange Act. The rules of the SEC narrowing the exclusion of banks from the definition of "dealer" took effect in 2003 and the rules of the SEC and the Federal Reserve Board narrowing the exclusion of banks from the definition of broker took effect for BNP Paribas in 2009. As a result, certain securities activities conducted by the Branch have been restructured or transferred to one or more U.S. registered broker-dealer affiliates.

#### *U.S. Anti-Money Laundering and Sanctions Regime.*

In recent years, a major focus of U.S. policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing and to assure compliance with U.S. economic sanctions in respect of designated countries or entities. U.S. regulations applicable to BNP Paribas (including the Branch) and its subsidiaries impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, to verify the identity of their customers and otherwise to comply with U.S. economic sanctions. Failure of BNP Paribas (including the Branch) to maintain and implement adequate programs to combat money laundering and terrorist financing, and to comply with U.S. economic sanctions, could have serious legal and reputational consequences.

With regard to combating money laundering and terrorist financing, in 2001, the U.S. Congress enacted the USA PATRIOT Act, which imposed significant new record-keeping and customer identity requirements, expanded the government's powers to freeze or confiscate assets and increased the available penalties that may be assessed against financial institutions. The USA PATRIOT Act also required the U.S. Treasury Secretary to adopt regulations with respect to anti-money laundering and related compliance obligations on financial institutions. The U.S. Treasury Secretary delegated this authority to a bureau of the U.S. Treasury Department known as the Financial Crimes Enforcement Network ("FinCEN"). U.S. economic sanctions are enforced in part by the U.S. Office of Foreign Assets Control ("OFAC").

The anti-money laundering compliance requirements of the USA PATRIOT Act and other applicable legislation, as implemented by FinCEN and OFAC, include requirements, among others, to adopt and implement an anti-money laundering programme, report suspicious transactions, implement due diligence procedures for certain correspondent and private banking accounts and verify customers' identities.

BNP Paribas provides financial services throughout the world, which may from time to time include countries in which U.S. banks are prohibited from conducting business due to restrictions imposed by OFAC. BNP Paribas does not believe its business activities with counterparties in, or directly relating to, such countries are material to its business, and such activities represented a very small part of the total assets of BNP Paribas and total revenues as of, and for the year ended, December 31, 2010.

## TERMS AND CONDITIONS OF THE NOTES

*The following updates and supersedes in its entirety the section “Terms and Conditions of the Notes” in the base prospectus and updates the related portions of the “Summary” section of the base prospectus.*

*The Terms and Conditions of the Notes that follow will be attached to, or incorporated by reference into, each Book-Entry Note and that will be endorsed upon each certificated Note. The applicable supplement prepared by, or on behalf of, the Issuers in relation to any Notes may specify other Terms and Conditions that shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of a specific issue of Notes. The applicable supplement will be incorporated into, or attached to, each Book-Entry Note and endorsed upon each certificated Note. Capitalized terms used in this section but not defined herein shall have the meanings assigned to them in the Fiscal and Paying Agency Agreement (as defined below) or in the applicable supplement unless the context otherwise requires or unless otherwise stated.*

This Note is one of a Series of the Notes (“Notes,” which expression shall mean (i) in relation to any Notes represented by a Book-Entry Note, units of the lowest specified denomination (“Specified Denomination”) in the Specified Currency of the relevant Notes, (ii) certificated Notes issued in exchange (or part exchange) for a Book-Entry Note and (iii) any Book-Entry Note) issued subject to, and with the benefit of, an Amended and Restated Fiscal and Paying Agency Agreement (as it may be updated or supplemented from time to time, the “Fiscal and Paying Agency Agreement”) dated May 30, 2008, and made among the Issuers, the Guarantor and The Bank of New York, as fiscal and paying agent (the “Fiscal and Paying Agent”). The Bank and certain of its affiliates maintain lines of credit or have other banking relationships with the Fiscal and Paying Agent in the ordinary course of business. The Fiscal and Paying Agent, any additional paying agent (each, a “Paying Agent” and, together with the Fiscal and Paying Agent, the “Paying Agents”) and the Calculation Agent are referred to together as the “Agents.”

As used in this section, “Tranche” means Notes that are identical in all respects, including as to listing, and “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue that are denominated in the same currency and that have the same maturity date or redemption month, as the case may be, interest basis and interest payment dates, if any, and the terms of which, save for the issue date or interest commencement date and the issue price, are otherwise identical, including whether the Notes are listed, and the expressions “Notes of the relevant Series” and “holders of Notes of the relevant Series” and related expressions shall be construed accordingly.

To the extent the supplement for a particular Series of Notes specifies other Terms and Conditions that are in addition to, or inconsistent with, these Terms and Conditions, such new Terms and Conditions shall apply to such Series of Notes.

The holders for the time being of the Notes (“Noteholders”), which expression shall, in relation to any Notes represented by a Book-Entry Note, be construed as provided in “—Form, Denomination, Title and Transfer” below, are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Fiscal and Paying Agency Agreement and the applicable supplement, which are binding on them. The statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal and Paying Agency Agreement. Copies of the Fiscal and Paying Agency Agreement, and the supplement for the Notes of any Series, are available at the principal office of the Fiscal and Paying Agent.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, including Euroclear France and the *Intermédiaires financiers habilités* authorized to maintain accounts therein (together, “Euroclear France”), approved by the Issuers and the Fiscal and Paying Agent.

The obligations of the Issuers under the Unsubordinated Notes will be guaranteed on a senior basis by the Guarantor pursuant to a Senior Guarantee. The Guarantor’s obligations under the Senior Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future, unsecured, unconditional and unsubordinated obligations of the Bank, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law. The Senior Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.

The obligations of the Issuers under the Subordinated Notes will be guaranteed on a subordinated basis by the Guarantor pursuant to a Subordinated Guarantee. The Guarantor’s obligations under the Subordinated

Guarantee constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Subordinated Notes will be paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank. The Subordinated Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.

Neither the Fiscal and Paying Agency Agreement nor the Subordinated Guarantee limits the amount of liabilities ranking *pari passu* with or senior to the obligations under the Fiscal and Paying Agency Agreement that may be incurred or assumed by the Bank or the Subordinated Guarantee that may be incurred or assumed by the Guarantor.

At any time when Subordinated Notes are outstanding, the relevant Issuer may not be dissolved, and, with respect to the LLC only, the Guarantor may not transfer exclusive or partial control over the LLC, without the prior written approval or written non-objection of the *Secrétariat général de l'Autorité de Contrôle Prudentiel*.



## **1. Form, Denomination, Title and Transfer**

### **(a) Form, Denomination and Title**

The Notes are in book-entry form in the Specified Currency and Specified Denominations. Notes will trade only in book-entry form, and Book-Entry Notes will be issued in physical (paper) form to DTC, as described in the Fiscal and Paying Agency Agreement. This Note is an Unsubordinated Note or a Subordinated Note as indicated in the applicable supplement. This Note is, to the extent specified in the applicable supplement, a Fixed-Rate Note, a Floating-Rate Note, a Zero Coupon Note, a Linked Note, a Physical Delivery Note or a Dual Currency Note, or any appropriate combination thereof or, subject to all applicable laws and regulations, any other kind of Note specified in the applicable supplement. Whenever Dual Currency Notes or Linked Notes are issued to bear interest on a fixed- or floating-rate basis, or on a non-interest-bearing basis, the provisions in these Terms and Conditions relating to Fixed-Rate Notes, Floating-Rate Notes and Zero Coupon Notes, respectively, shall, where the context so admits, apply to such Dual Currency Notes or Linked Notes. Any reference in these Terms and Conditions to Physical Delivery Notes shall mean Notes in respect of which either an amount of principal and/or interest is payable by reference to an underlying equity, bond, security or other asset as may be specified in the applicable supplement (the “Underlying Assets”), and a “Physical Delivery Amount,” being the number of Underlying Assets plus or minus any amount due to or from the Noteholder in respect of each Note, is deliverable and/or payable, in each case, by reference to one or more Underlying Assets as the relevant Issuer and the relevant Agents may agree and as set out in the applicable supplement.

The Issuers have appointed the Fiscal and Paying Agent at its office specified below to act as registrar of the Notes. The Issuers shall cause to be kept at the specified office of the Fiscal and Paying Agent for the time being at 101 Barclay Street, New York, New York a register (the “Register”) with respect to each Issuer on which shall be entered, among other things, the name and address of the holders of such Issuer’s Notes and particulars of all transfers of title to such Issuer’s Notes.

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

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

### **(b) Transfers of Registered Notes**

#### **(i) Transfers of interests in global Notes**

Transfers of beneficial interests in global Notes will be effected by DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in certificated form or for a beneficial interest in another global Note only in the authorized denominations set out in the applicable supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal and Paying Agency Agreement, including any required certifications.

#### **(ii) Transfers of Notes in certificated form**

Subject as provided in paragraph (v) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement, including the transfer restrictions contained therein, a Note in certificated form may be transferred in whole or in part (in the authorized denominations set out in the applicable supplement). In order to effect any such transfer (A) the holder or holders must (1) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of a Paying Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the Fiscal and Paying Agency Agreement and as may be required by such Paying Agent and (B) such Paying Agent must, after due and careful inquiry, be satisfied

with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuers and the Fiscal and Paying Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Fiscal and Paying Agency Agreement). Subject as provided above, the Fiscal and Paying Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Note in certificated form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of only part of a Note in certificated form, a new Note in certificated form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under “Redemption and Purchase” below, the Issuers shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

(iv) Costs of registration

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

(v) Exchanges and transfers of Notes generally

Holders of Notes in certificated form may exchange such Notes for interests in a global Note of the same type at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement.

## 2. Status of the Notes

(a) *Status (Unsubordinated Notes)*

If the Notes are Unsubordinated Notes, the Notes are direct, unconditional and unsecured obligations of the relevant Issuer and rank, *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated indebtedness of such Issuer, other than statutorily preferred exceptions.

(b) *Status (Subordinated Notes)*

(i) Dated Subordinated Notes

If the Notes are Dated Subordinated Notes, the Notes are direct, unconditional, unsecured and subordinated obligations of the relevant Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated indebtedness of such Issuer and have a fixed maturity date. Subject to applicable law, in the event of the voluntary liquidation of such Issuer, bankruptcy proceedings, or any other similar proceedings affecting such Issuer, the rights of the Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors (including, in the case of the Bank, depositors) of such Issuer, but, subject to such payment in full, a holder of Dated Subordinated Notes issued by the Bank will be paid in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

As noted above, the Guarantor’s obligations under the Subordinated Guarantee of Dated Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Dated Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Dated Subordinated Notes will be

paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

(ii) Undated Subordinated Notes

If the Notes are Undated Subordinated Notes, the Notes are direct, unconditional, unsecured and subordinated obligations of the relevant Issuer and rank *pari passu* among themselves and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated indebtedness of such Issuer and have no fixed maturity date. If the Notes are Undated Subordinated Notes, payment of interest may be deferred in accordance with the provisions of paragraph 3(g).

Subject to applicable law, in the event of the voluntary liquidation of such Issuer, bankruptcy proceedings or any other similar proceedings affecting such Issuer, the rights of Noteholders to payment of principal and interest under the Notes will be subordinated to the full payment of the unsubordinated creditors (including, in the case of the Bank, depositors) of such Issuer, but, subject to such payment in full, a holder of Undated Subordinated Notes issued by the Bank will be paid in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

As noted above, the Guarantor's obligations under the Subordinated Guarantee of Undated Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Undated Subordinated Notes to payment of principal or interest in respect of the Undated Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Undated Subordinated Notes will be paid principal and interest under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

The proceeds of issues of Undated Subordinated Notes may be advanced by the LLC to the Bank's head office and/or used by the Bank for off-setting losses of the Bank and, thereafter, to allow the Bank to continue its activities in accordance with French banking regulations. The proceeds of such issues that are advanced to or received by the Bank will be classed amongst the funds of the Bank in accordance with Article 4(c) of *Règlement No. 90-02 of the Comité de la Réglementation Bancaire et Financière*. This provision does not in any way affect any French law applicable to accounting principles relating to allocation of losses nor the duties of the shareholders and does not in any way affect the rights of the Noteholders to receive payment of principal and interest under the Notes in accordance with these Terms and Conditions.

In the event of the Bank incurring losses, the loss will be charged first against accumulated profits, then against reserves and capital, and finally, if needed, against the proceeds of issuances of Undated Subordinated Notes advanced to or received by the Bank and other undated subordinated debt of the Bank and unpaid interest thereon (including interest on the Undated Subordinated Notes) which include a clause providing for the absorption of losses, in order to allow the Bank to fulfill the regulatory requirements applicable to banks prevailing in France, including those relating to solvency ratios, and in order to allow the Bank to continue its activities.

3. **Interest**

(a) *Interest on Fixed-Rate Notes*

(i) Each Fixed-Rate Note bears interest on its nominal amount, or if it is a partly paid Note, the amount paid up, from, and including, the interest commencement date at the rates per annum equal to the fixed rates of interest payable in arrears on the fixed interest dates in each year and on the maturity date. The first payment of interest will be made on the fixed interest date next following the interest commencement date and, if the first anniversary of the interest commencement date is not a fixed interest date, will amount to the initial broken amount specified in the applicable supplement. If the maturity date is not a fixed interest date, interest from and including the preceding fixed interest date, or the interest commencement date, to the maturity date

will amount to the final broken amount. Except as provided in the applicable supplement, the amount of interest payable on each fixed interest date in respect of the fixed interest period ending on such date will amount to the fixed coupon amount.

(ii) If interest is required to be calculated for a period ending other than on a fixed interest date, such interest shall be calculated by applying the fixed rate of interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

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

(A) if “Actual/Actual (ISMA)” is specified in the applicable supplement:

(1) in the case of Notes for which the number of days in the relevant period from, and including, the most recent fixed interest date, or, if none, the interest commencement date, to, but excluding, the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates, as specified in the applicable supplement, that would occur in one calendar year; or

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

(a) the number of days in the Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates, as set forth in the applicable supplement, that would occur in one calendar year; and

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

(B) if “30/360” is specified in the applicable supplement, the number of days in the period from and including the most recent fixed interest date, or, if none, the interest commencement date, to, but excluding, the relevant payment date (such number of days being calculated on the basis of twelve 30-day months) divided by 360.

(iv) The supplement, in relation to each Series of Notes in relation to which this paragraph 3(a) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

(A) If the “Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on the fixed interest dates set forth in the applicable supplement; provided that, if any fixed interest date would otherwise fall on a date that is not a Business Day, the relevant fixed interest date will be the first following day that is a Business Day.

(B) If the “Modified Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such fixed interest

dates as are set forth in the applicable supplement; provided that, if any fixed interest date would otherwise fall on a date that is not a Business Day, the relevant fixed interest date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case the relevant fixed interest date will be the first preceding day that is a Business Day.

(C) Such other convention may be specified in the applicable supplement.

In this paragraph 3(a):

- (1) “Business Day” means a day that is both:
  - (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City; and
  - (b) in relation to any sum payable in a Specified Currency other than U.S. dollars, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as specified in the applicable supplement.
- (2) “Determination Dates” means the dates set forth in the applicable supplement.
- (3) “Determination Period” means each period from, and including, a Determination Date to, but excluding, the next Determination Date, including, if either the interest commencement date or the final fixed interest date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date.
- (4) “Fixed Interest Period” means the period from, and including, a fixed interest date, or the interest commencement date, to, but excluding, the next, or first, fixed interest date.
- (5) “Sub-unit” means, with respect to any currency other than the U.S. dollar, the lowest amount of that currency available as legal tender in the country of that currency and, with respect to the U.S. dollar, means one cent.

(b) *Interest on Floating-Rate Notes*

(i) Interest Payment Dates

The supplement, in relation to each Series of Notes in relation to which this paragraph 3(b) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

(A) If the “FRN Convention” is specified in the applicable supplement, interest shall be payable in arrears on each date (each an “Interest Payment Date”) that numerically corresponds to their issue date or such other date as may be set forth in the applicable supplement or, as the case may be, the preceding Interest Payment Date, in the calendar month that is the number of months specified in the applicable supplement after the month in which such issue date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred; provided that:

- (1) if there is no such numerically corresponding day in the calendar month on which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day that is a Business Day (as defined below) in that month;
- (2) if an Interest Payment Date would otherwise fall on a day that is not a Business Day, then the relevant Interest Payment Date will be the first following day that is a Business Day unless that day falls in the

next calendar month, in which case it will be the first preceding day that is a Business Day; and

(3) if such issue date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day that is a Business Day in the month that is the specified number of months after the month in which such Issue Date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred.

- (B) If the “Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such dates (each an “Interest Payment Date”) as are set forth in the applicable supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be the first following day that is a Business Day.
- (C) If the “Modified Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such dates (each an “Interest Payment Date”) as are set forth in the applicable supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day that is a Business Day.
- (D) Such other convention may be specified in the applicable supplement.

Each period beginning on, and including, such Issue Date or such other date as aforesaid and ending on, but excluding, the first Interest Payment Date and each period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is herein called an “Interest Period.”

In this paragraph 3(b), “Business Day” means a day that is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City; and
- (b) in relation to any sum payable in a Specified Currency other than U.S. dollars, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as specified in the applicable supplement.

(ii) Rate of Interest

The “Rate of Interest” payable from time to time in respect of Floating-Rate Notes will be determined in the manner specified in the applicable supplement, which may be “ISDA Determination,” “AFB Determination” or “Screen Rate Determination,” as described below.

(iii) ISDA Determination

Where ISDA Determination is specified in the applicable supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus, as indicated in the applicable supplement, the Margin, if any. For the purposes of this subparagraph (iii), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal and Paying Agent under an interest rate swap transaction if the Fiscal and Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA

Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Series of the Notes (the “ISDA Definitions”) and under which:

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

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

(iv) AFB Determination

Where so specified in the applicable supplement, interest will be payable on such dates, at such a rate (the “AFB Rate”) and in such amounts, plus or minus, as set forth in the applicable supplement, the margin, if any, as would have been payable, regardless of any event of default or termination event thereunder, by the relevant Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the Master Agreement relating to foreign exchange and derivatives transactions (an “AFB Agreement”), as in effect on the date of issue of the Notes, published by the *Association Francaise des Banques* and evidenced by a Confirmation (as defined in the AFB Agreement) with the holder of the relevant Note under which:

- (A) such Issuer was the floating amount payer;
- (B) the Fiscal and Paying Agent was the Agent (as defined in the AFB Agreement) or as otherwise specified in the applicable supplement;
- (C) the interest commencement date was the transaction date;
- (D) the lowest Specified Denomination was the notional amount;
- (E) the Interest Payment Dates were the floating amount payment dates; and
- (F) all other terms were as specified in the applicable supplement.

When the preceding sentence applies, in respect of each relevant Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount (as defined herein) for the relevant Interest Period for the purposes of these Terms and Conditions as though determined under sub-paragraph (vi) below;
- (2) the Rate of Interest for such Interest Period will be the floating rate (as defined in the AFB Agreement) determined by the Fiscal and Paying Agent in accordance with the preceding sentence; and
- (3) the Fiscal and Paying Agent will be deemed to have discharged its obligations under sub-paragraph (vi) below if it has determined the Rate of Interest and the Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(v) Screen Rate Determination

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

- (A) the offered quotation; or

- (B) the arithmetic mean, rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards, of the offered quotations,

(expressed as a percentage rate per annum) for the reference rate or rates that appears or appear, as the case may be, on the relevant screen page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus, as indicated in the applicable supplement, the margin, if any, all as determined by the Fiscal and Paying Agent. If five or more of such offered quotations are available on the relevant screen page, the highest, or, if there is more than one such highest quotation, one only of such quotations, and the lowest, or, if there is more than one such lowest quotation, one only of such quotations, shall be disregarded by the Fiscal and Paying Agent for the purpose of determining the arithmetic mean, rounded as provided above, of such offered quotations.

The Fiscal and Paying Agency Agreement contains provisions for determining the Rate of Interest in the event that the relevant screen page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. The applicable supplement may, if agreed by the relevant Agents, set out such provisions in full.

If the reference rate from time to time in respect of Floating-Rate Notes is specified in the applicable supplement as being other than LIBOR or EURIBOR, the rate of interest in respect of such Notes will be determined as provided in the applicable supplement.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Fiscal and Paying Agent will, on or as soon as practicable after each date on which the rate of interest is to be determined (the “Interest Determination Date”), determine the rate of interest, subject to any minimum or maximum rate of interest specified in the applicable supplement, and calculate the amount of interest (the “Interest Amount”) payable on the Floating-Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the rate of interest to the Specified Denomination, or if there is more than one, the lowest Specified Denomination, multiplying such sum by the Day Count Fraction (as defined herein) specified in the applicable supplement and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, one half of such a Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (A) if “Actual/365” or “Actual/Actual ISDA” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365, or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365;
- (B) if “Act/Act” or “Actual/Actual” is specified in the applicable supplement, the actual number of days in the Interest Period divided by the actual number of days in the year in which such Interest Period falls;
- (C) if “Actual/365 (Fixed)” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365;
- (D) if “Actual/365 (sterling)” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (E) if “Actual/360” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 360;
- (F) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable supplement, the number of days in the Interest Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, unless (1) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st



day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month; and

- (G) if “30E/360” or “Eurobond Basis” is specified in the applicable supplement, the number of days in the Interest Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the maturity date, the maturity date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

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

If the applicable supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii), (iii), (iv) or (v) above, as appropriate, is less than such Minimum Interest Rate, the rate of interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii), (iii), (iv) or (v) above, as appropriate, is greater than such Maximum Interest Rate, the rate of interest for such Interest Period shall be such Maximum Interest Rate.

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

The Fiscal and Paying Agent will cause the rate of interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, and to any stock exchange on which the relevant Floating-Rate Notes are for the time being listed, and, except where the relevant Notes are unlisted and are in global form and held in their entirety on behalf of DTC, Euroclear or Clearstream, Luxembourg, in which event there may be substituted for such publication the delivery of such notice to DTC, Euroclear and Clearstream, Luxembourg, for communication to the holders of the Notes, to be published in accordance with “Notices” below as soon as possible after determination of the rate of interest and each Interest Amount, but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended, or appropriate alternative arrangements made by way of adjustment, in the event of an extension or shortening of the Interest Period. Any such amendment will be notified promptly to each stock exchange on which the relevant Floating-Rate Notes are for the time being listed and to the Noteholders in accordance with “Notices” below. For the purposes of this sub-paragraph (viii), “Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in New York.

(ix) *Certificates to be Final*

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of this paragraph 3(b) by the Fiscal and Paying Agent or, if applicable, the Calculation Agent, shall, in the absence of gross negligence or willful misconduct, be binding on the Issuers, the Fiscal and Paying Agent or, if applicable, the Calculation Agent and all Noteholders, and, in the absence as aforesaid, no liability to the Noteholders shall attach to the Fiscal and Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Zero Coupon Notes*

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with “Redemption and Repurchase—Early Redemption Amounts” below, as its Amortized Face Amount (as defined herein). As from the maturity date, any overdue principal of such Note shall bear interest at a rate per annum equal to the accrual yield specified in the applicable supplement. Such interest shall continue to accrue, as well after as before any judgment, until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the

case of an incomplete month the actual number of days elapsed in that incomplete month or on such other basis as may be specified in the applicable supplement.

(d) *Interest on Linked Notes and Physical Delivery Notes*

In the case of Linked Notes and Physical Delivery Notes, if applicable, where the rate of interest and/or the amount of interest, whether on any Interest Payment Date, fixed interest date, early redemption, maturity or otherwise, fails to be determined by reference to the index and/or the formula and/or otherwise, the rate of interest and/or the amount of interest shall be determined in accordance with the index and/or the formula or otherwise in the manner specified in the applicable supplement.

(e) *Interest on Partly Paid Notes*

In the case of partly paid notes (“Partly Paid Notes”), other than Partly Paid Notes that are Zero Coupon Notes, interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable supplement.

(f) *Interest Payments*

Interest will be paid subject to and in accordance with the provisions of “Payments” below. Interest will cease to accrue on each Note, or, in the case of the redemption only of part of a Note, that part only of such Note, on the due date for redemption thereof unless payment of principal or the payment and/or delivery of the Physical Delivery Amount, if applicable, is improperly withheld or refused, in which event interest will continue to accrue, as well after as before any judgment, until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Fiscal and Paying Agent has notified the holder thereof, either in accordance with “Notices” below or individually, of receipt of all sums due in respect thereof up to that date.

(g) *Deferral of Interest — Undated Subordinated Notes*

In the case of Undated Subordinated Notes, and when so specified in the applicable supplement, the Board of Directors of the Bank may decide, prior to the date for the payment of interest payable under any Undated Subordinated Notes, to suspend payment, or to issue to the LLC a notice (“Interest Deferral Notice”) instructing the LLC to suspend payment, of an amount equal to the interest accrued during any interest period on such Undated Subordinated Notes if, at the most recent annual general meeting of the shareholders of the Bank which preceded the corresponding date for the payment of interest, no dividend was declared, paid or set apart for payment on or with respect to any class of share capital of the Bank; provided that such Interest Deferral Notice is given to the LLC as soon as reasonably practicable following the making of such decision and in any event not later than seven days prior to any date for the payment of interest on the Undated Subordinated Notes. In such a case, any payment of interest on the Undated Subordinated Notes so suspended shall constitute “Arrearage Amounts” (which term shall include interest on such unpaid amount), the payment of which shall be deferred until the date for the payment of interest on the Undated Subordinated Notes immediately following the date upon which any dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Bank at the most recent annual general meeting of the shareholders of the Bank. Arrearage Amounts shall bear interest at the same rate as the Notes to which they relate or as otherwise set forth in the applicable supplement. Arrearage Amounts may at the option of the Bank, which shall so instruct the LLC in writing, if the LLC is the Issuer, be paid in whole or in part at any time upon the expiry of not less than seven days notice to such effect given to the Noteholders in accordance with these Conditions, but all Arrearage Amounts shall (subject to applicable laws and regulations) become due in full on whichever is the earliest of (i) the date for the payment of interest on the Undated Subordinated Notes immediately following the date upon which a dividend is next declared paid or set apart as aforesaid, (ii) the date set for any redemption or purchase of the Undated Subordinated Notes pursuant to paragraphs 5(b) or (c) (in the case of redemption) or paragraph 5(f) (in the case of purchase), provided all the Notes are so purchased, or (iii) the commencement of “*liquidation judiciaire*” or “*liquidation amiable*” procedures against the Bank. If notice is given to the Noteholders of the relevant Issuer’s intention to pay the whole or part of Arrearage Amounts, the relevant Issuer shall be obliged (subject to applicable laws and regulations) to do so upon the expiry of such notice. Where Arrearage Amounts are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrearage Amounts accrued in respect of the earliest interest period on the Undated Subordinated Notes in respect of which Arrearage Amounts have accrued and have not been paid in full.

4. **Payments**

For the purposes of this paragraph 4, references to payment or repayment, as the case may be, of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Physical Delivery Amounts.

(a) Method of Payment

Payments of principal, other than installments of principal prior to the final installment, in respect of each Note, whether or not in global form, will be made against presentation and surrender, or, in the case of part payment of any sum due, endorsement, of the Note at the specified office of any Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the holder, or the first named of joint holders, of the Note appearing in the register of holders of the Notes maintained by the Fiscal and Paying Agent (i) where in global form, at the close of the business day (being for this purpose a day on which DTC, Euroclear or Clearstream/Luxembourg, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day, being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located, before the relevant due date (the "Record Date"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a check in the Specified Currency drawn on a Designated Bank (as defined below). For the purposes of this paragraph 4(a), "Designated Account" means the account that, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account, maintained by a holder with a Designated Bank and identified as such in the Register, and "Designated Bank" means, in the case of payment in a Specified Currency other than U.S. dollars, a bank in the principal financial center of the country of such Specified Currency and, in the case of a payment in U.S. dollars, any bank that processes payments in U.S. dollars.

Payments of interest and payments of installments of principal, other than the final installment, in respect of each Note, whether in global form, will be made by a check in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of such Paying Agent is located immediately preceding the relevant due date to the holder, or the first named of joint holders, of the Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which DTC, Euroclear or Clearstream/Luxembourg, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day, whether such fifteenth day is a business day, before the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of any Paying Agent not less than three business days, in the city where the specified office of such Paying Agent is located, before the due date for any payment of interest in respect of a Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest, other than interest due on redemption, and installments of principal, other than the final installment, in respect of the Notes that become payable to the holder who has made the initial application until such time as the Fiscal and Paying Agent is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Note.

Holders of Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a check posted in accordance with this paragraph 4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

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

Payments of principal and interest, if any, in respect of certificated Notes will, subject as provided below, be made against presentation or surrender of such certificated Notes at any specified office of any Paying Agent. Payments of principal in respect of installments, if any, other than the last installment, will, subject as provided below, be made against surrender of the relevant receipt. Payment of the last installment will be made against surrender of the relevant certificated Note. Each receipt must be presented for payment of such installment together with the relevant certificated Note against which the amount will be payable in respect of that installment. If any certificated Notes are redeemed or become repayable prior to their respective maturity dates, or the Interest Payment

Date falling in the redemption month in respect thereof, as the case may be, principal will be payable on surrender of each such Note together with all unmatured receipts appertaining thereto. Unmatured receipts and receipts presented without the certificated Notes to which they appertain do not constitute obligations of the Issuers. All payments of interest and principal with respect to certificated Notes will be made only against presentation and surrender of the relevant certificated Notes or receipts, except as otherwise provided in the third succeeding paragraph.

Subject as provided below and, in the case of Physical Delivery Notes, subject also as provided in the applicable supplement, payments in respect of certificated Notes, other than Dual Currency Notes, denominated in a Specified Currency, other than U.S. dollars, or, in the case of Dual Currency Notes, payable in a Specified Currency, other than U.S. dollars, will, subject as provided below, be made by a check in the Specified Currency drawn on or, at the option of the holder and upon 15 days prior notice to the Fiscal and Paying Agent, by transfer to an account; in the case of payment in yen, to a non-resident of Japan, a non-resident account, in the Specified Currency maintained by the payee with, a bank in the principal financial center of the country of the Specified Currency. Payments in U.S. dollars will be made by credit or transfer to a U.S. dollar account or any other account to which U.S. dollars may be credited or transferred specified by the payee or, at the option of the payee, by a check in U.S. dollars. The applicable supplement may also contain provisions for variation of settlement where, for reasons beyond the control of the Issuers or any Noteholder, including, without limitation, unlawfulness, illegality, impossibility, force majeure, non-transferability or the like (each a "Payment Disruption Event"), the Issuers are not able to make, or any Noteholder is not able to receive, as the case may be, payment on the due date and in the Specified Currency of any amount of principal or interest due under the Notes.

In the case of Physical Delivery Notes that are settled by way of delivery, on the due date for redemption, the Issuers shall deliver, or procure the delivery of, the documents evidencing the number of and/or constituting the Underlying Assets plus or minus any amount due to or from the Noteholder deliverable in respect of each Note (the "Physical Delivery Amount") to, or to the order of, the Noteholder in accordance with the instructions of the Noteholder contained in the Transfer Notice (as defined below). The Physical Delivery Amount shall be evidenced in the manner described in the applicable supplement. The applicable supplement may also contain provisions for variation of settlement pursuant to an option to such effect or where the Issuers or the holder of a Physical Delivery Note, as the case may be, is not able to deliver or take delivery of as the case may be, the Underlying Assets, or where a Settlement Disruption Event, as described in the applicable supplement has occurred, all as provided in the applicable supplement.

Payments of principal and interest, if any, in respect of Notes represented by any global Note will be made in the manner specified above and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made on such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

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

Fixed-Rate Notes in certificated form should be presented for payment on or before the relevant redemption date.

If any date for payment of any amount in respect of any Note is not a Payment Day (as defined herein), then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "Payment Day" means any day that, subject to "Prescription" below, is:

(i) 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:

(A) the relevant place of presentation;

(B) any additional financial center specified in the applicable supplement; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than the U.S. dollar, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as set forth in the applicable supplement, or (B) in relation to any sum payable in U.S. dollars, a day on which the Federal Reserve System is open.

If the due date for redemption of any interest bearing Note in certificated form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of interest, or from the interest commencement date, will be paid against surrender of such Note.

The name of the Fiscal and Paying Agent and its initial specified offices are set out below. The Issuers reserve the right at any time to vary or terminate the appointment of the Fiscal and Paying Agent and to appoint additional or other Paying Agents and/or to approve any change in the specified office of any Paying Agent, provided that (i) there will at all times be a Fiscal and Paying Agent and (ii) the Issuers shall at all times maintain a Paying Agent with a specified office outside the European Union or in a European Union Member State (“Member State”) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive or Directives.

In addition, the Issuers shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph 4(a) above. Any variation, termination, appointment or change shall only take effect, other than in the case of insolvency, when it shall be of immediate effect, after not less than 30 nor more than 45 days prior notice shall have been given to the Noteholders in accordance with “Notices” below.

Payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(b) *Physical Delivery Notes*

The applicable supplement will contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Notes, including, without limitation, liability for the costs of transfer of Underlying Assets.

The Underlying Assets will be delivered at the risk of the relevant Noteholder in such manner as may be specified in the transfer notice pursuant to which such Underlying Assets are delivered (the “Transfer Notice,” the form of which is annexed to the Fiscal and Paying Agency Agreement) and, notwithstanding the provisions of “Interest—Interest Payments” above, no additional payment or delivery will be due to a Noteholder where any Underlying Assets are delivered after their due date in circumstances beyond the control of either the Issuers or the Fiscal and Paying Agent.

**5. Redemption and Purchase**

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, Notes will be redeemed by the relevant Issuer at their final redemption amount, or, in the case only of Physical Delivery Notes where the applicable supplement specifies that such Notes will be redeemed by payment and/or delivery of a Physical Delivery Amount, by the payment and the delivery of the Physical Delivery Amount, specified in, or determined in the manner specified in, the applicable supplement in the Specified Currency on the Maturity Date specified in the applicable supplement, in the case of Notes that are not Floating-Rate Notes, or on the Interest Payment Date falling in the redemption month specified in the applicable supplement, in the case of Floating-Rate Notes. Notes may not be redeemed other than in accordance with these Terms and Conditions.

(b) *Redemption for Taxation Reasons*

(i) If as a result of any change in, or in the official interpretation or administration of, any laws or regulations of France or the United States or any other authority thereof or therein (A) the relevant Issuer or the Guarantor would be required to pay additional amounts in respect of the Notes or Guarantees,

as provided in paragraph 6 or (B) the Guarantor would, in respect of payments to the LLC pursuant to any loan or advance of proceeds from the issuance of the Notes by the LLC to the Guarantor, be required to pay additional amounts in order that the LLC, after deduction of any withholding taxes or duties, will receive the full amount then due and payable under the Notes, then the Issuers, in the case of (A) and the LLC, in the case of (B) may at its option at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) but subject, in the case of Subordinated Notes, to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France, on giving not more than 45 nor less than 30 days notice to the Noteholders (in accordance with paragraph 12) which notice shall be irrevocable, redeem all, but not less than all, of the Notes as to which the conditions set forth in clauses (A) or (B) apply at their Early Redemption Amount (as defined below) 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 such Issuer or the Guarantor, as the case may be, could make payment without withholding for such taxes.

(ii) If the Issuers or the Guarantor would, on the next due date for payment of any amount in respect of the Notes or Guarantees, be prevented by French law from making such payment notwithstanding the undertaking to pay additional amounts as provided in paragraph 6, then the relevant Issuer shall forthwith give notice of such fact to the principal Paying Agent and shall, subject in the case of Subordinated Notes, to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) redeem all, but not less than all, of the Notes then outstanding as to which the conditions set forth in clauses (A) or (B) of subparagraph (i) apply at their Early Redemption Amount (as defined below) 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 paragraph 12), 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 such Issuer or the Guarantor, as the case may be, 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.

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

If Issuer Call is specified in the applicable supplement, the relevant Issuer may, subject in the case of Subordinated Notes to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France, having given, unless otherwise specified in connection with a particular offering of notes:

(i) not less than 5 nor more than 30 days notice to the Noteholders in accordance with "Notices" below, or as otherwise specified in the applicable supplement; and

(ii) not less than 5 days before the giving of the notice referred to in (i), notice to the Fiscal and Paying Agent;

which notices shall be irrevocable and shall specify the date fixed for redemption, redeem all or some of the Notes then outstanding on any optional redemption date and at the optional redemption amounts specified in, or determined in the manner specified in, the applicable supplement together, if appropriate, with interest accrued to, but excluding, the relevant optional redemption date. Any such redemption must be of a nominal amount equal to the minimum redemption amount or a higher redemption amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by certificated Notes, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection the "Selection Date"). In the case of Redeemed Notes represented by certificated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with "Notices" below, not less than 5 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by certificated Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of certificated Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to

the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from, and including, the Selection Date to, and including, the date fixed for redemption pursuant to this paragraph (c), and notice to that effect shall be given by such Issuer to the Noteholders in accordance with “Notices” below, at least five days prior to the Selection Date.

In the case of Subordinated Notes, no redemption at the option of the Issuer will be permitted prior to five years from the date of issue thereof.

(d) *Redemption at the Option of the Noteholders (“Noteholder Put”)*

In the case of Subordinated Notes, no redemption of the Notes at the option of the Noteholder is, permitted. If a Noteholder Put is specified in the applicable supplement, and provided that this Note is not a Subordinated Note, upon the holder of any Note giving to the relevant Issuer in accordance with “Notices” below not less than 15 nor more than 30 days notice, such Issuer will, upon the expiration of such notice, redeem, subject to and in accordance with the terms specified in the applicable supplement, in whole, but not in part, such Note on the optional redemption date and at the optional redemption amount together, if appropriate, with interest accrued to, but excluding, the optional redemption date.

If a Note is in certificated form and held outside DTC, Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form obtainable from any specified office of any Paying Agent (a “Put Notice”) and in which the holder must specify a bank account, or, if payment is required to be made by check, an address, to which payment is to be made under this paragraph 5, accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If the Note is represented by a global Note or is in certificated form and held through DTC, Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of the Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg, which may include notice being given on his instruction by DTC, Euroclear or Clearstream, Luxembourg or any common depository for them to the Paying Agent by electronic means, in a form acceptable to DTC, Euroclear and Clearstream, Luxembourg from time to time and, if a Note is represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except if prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such holder, at his option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this paragraph 5 and instead to declare such Note forthwith due and payable pursuant to “Events of Default—Enforcement” below.

(e) *Early Redemption Amounts*

For the purposes of paragraph 5(b) above and “Events of Default—Enforcement” below, the Notes will be redeemed at an amount (the “Early Redemption Amount”) calculated as follows, together, if appropriate, with interest accrued to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and repayable:

- (i) in the case of Notes with a final redemption amount equal to the issue price, at the final redemption amount thereof; or
- (ii) in the case of Notes, other than Zero Coupon Notes, with a final redemption amount that is or may be lesser or greater than the issue price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable supplement or, if no such amount or manner is set out in the supplement, at their nominal amount; or
- (iii) in the case of Physical Delivery Notes, as determined in the manner specified in the applicable supplement; or
- (iv) in the case of Zero Coupon Notes, at an amount (the “Amortized Face Amount”) equal to the sum of:

- (A) the reference price specified in the applicable supplement; and
- (B) the product of the accrual yield specified in the applicable supplement, compounded annually, being applied to the reference price from and including the issue date to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month or such other calculation basis as may be specified in the applicable supplement.

(f) *Purchases*

The Issuers and their affiliates may at any time purchase Notes at any price in the open market or otherwise, in each case in accordance with applicable securities laws.

In the case of Subordinated Notes, where (i) the aggregate nominal amount of Notes remaining outstanding after such purchase is less than 90% of the total nominal amount of such Notes originally issued, or (ii) in the case of an *Offre Publique d'Achat* ("Cash Take-over Bid") or an *Offre Publique d'Echange* ("Exchange Offer"), such purchase can only be made with the prior written consent of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France.

(g) *Cancellation*

All Notes that are redeemed or purchased by the Issuers will forthwith be cancelled and accordingly may not be re-issued or resold.

(h) *Installments*

Each Note in certificated form that is redeemable in installments will be redeemed in the installment amounts and on the installment dates specified in the applicable supplement. All installments, other than the final installment, will be paid by surrender of, in the case of a certificated Note, the relevant Receipt, which must be presented with the Note to which it appertains, and, in the case of a global Note, the relevant Note and issue of a new Note in the nominal amount remaining outstanding, all as more fully described in "Payments" above.

(i) *Late Payment on Zero Coupon Notes*

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

- (A) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (B) the date on which the full amount payable has been received by the Fiscal and Paying Agent and notice to that effect has been given to the Noteholders in accordance with "Notices" below.

(j) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this paragraph 5 as amended or varied by the information specified in the applicable supplement.

**6. Taxation**

(a) *Additional Amounts*

If French or U.S. law should require that any payments in respect of the Notes or Guarantees be subject to withholding with respect to any taxes or duties whatsoever, the relevant Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after deduction of such taxes or duties, will receive the full amount then due and payable; provided, however, that such Issuer may, in that event, redeem all of the Notes then outstanding as to which such requirement to pay additional



amounts applies in accordance with the provisions of paragraph 5(b) above, and provided further that no such additional amounts shall be payable with respect to any Note:

- (i) to or on behalf of a holder who is subject to such taxes or duties in respect of such Note by reason of his being connected with France or the United States (as the case may be) otherwise than by reason only of the holding of such Note; or
- (ii) presented for payment more than 30 days after the relevant date, except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (iii) where such withholding or deduction is imposed on a payment to an individual or to a residual entity within the meaning of the European Council Directive 2003/48/EC and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (iv) for any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner (or any financial institution through which the holder or beneficial owner holds the Note or through which payment on the Note is made) to enter into or to comply with any applicable certification, documentation, information or other reporting requirement or agreement concerning accounts maintained by the holder, beneficial owner (or any such financial institution) or concerning ownership of the holder or beneficial owner (or any such financial institution) or concerning ownership of the holder or beneficial owner, or any substantially similar requirement or agreement; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State.

As used herein the “relevant date” in relation to any Note means whichever is the later of:

- (A) the date on which the payment in respect of such Note first became due and payable; or
- (B) if the full amount of the moneys payable on such a date in respect of such Note has not been received by the principal Paying Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such moneys have been so received.

References herein to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable under this paragraph 6.

(b) *Supply of Information*

Each holder of Notes shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

**7. Redenomination**

Where redenomination is specified in the applicable supplement as being applicable, the Issuers may, without the consent of the Noteholders, on giving prior notice to the Fiscal and Paying Agent, DTC, Euroclear and Clearstream, Luxembourg and at least 30 days’ prior notice to the Noteholders in accordance with “Notices” below, elect that,

with effect from the Redenomination Date (as deemed herein) specified in the notice, the relevant Notes shall be redenominated in euro.

The election, with respect to the relevant Notes, will have effect as follows:

- (a) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the established rate, provided that, if the Issuers determine, with the agreement of the Fiscal and Paying Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuers shall promptly notify the Noteholders, the stock exchange, if any, on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) except to the extent that an Exchange Notice (as defined herein) has been given in accordance with subparagraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if certificated Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuers in the denominations of euro 1,000, euro 10,000, euro 100,000 and, but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Fiscal and Paying Agent may approve, euro 0.01 and such other denominations as the Fiscal and Paying Agent shall determine and notify to the Noteholders;
- (d) the payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the relevant Issuer. New euro-denominated Notes will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal and Paying Agent may specify and as shall be notified to the Noteholders in the notice given by the relevant Issuer (the "Exchange Notice") that replacement euro-denominated Notes are available for exchange. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account, or any other account to which euro may be credited or transferred, specified by the payee or, at the option of the payee, by a euro check;
- (f) if the Notes are Fixed-Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a fixed interest date, it will be calculated by applying the rate of interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention;
- (g) if the Notes are Floating-Rate Notes, the applicable supplement will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to these Terms and Conditions as the Issuers may decide, after consultation with the Fiscal and Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

## 8. **Events of Default and Enforcement**

### (a) *Events of Default*

In the case of Unsubordinated Notes, the holders of at least 50% of the aggregate principal amount of such Series of outstanding Unsubordinated Notes may give written notice to the relevant Issuer and the Fiscal and Paying Agent that the Unsubordinated Notes are, and shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events ("Events of Default"):

- (i) the relevant Issuer fails to pay any principal payable in respect of the Unsubordinated Notes, or any of them, when due and payable; or
- (ii) the relevant Issuer fails to pay any amount other than principal amounts payable in respect of the Unsubordinated Notes, or any of them, when due and payable, and such default is not remedied within 30 days after the relevant due date; or
- (iii) the relevant Issuer fails to perform or observe any of its other obligations under the Unsubordinated Notes, and such default is not remedied within 45 days after notice of such default has been given to the Fiscal and Paying Agent by any Noteholder; or
- (iv) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Branch in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Branch or of any substantial part of the property of the Branch, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or the commencement by the Branch of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Branch to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Branch of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by the Branch to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Branch or of any substantial part of the property of the Branch, or the making by the Branch of an assignment for the benefit of creditors, or the taking of corporate action by the Branch in furtherance of any such action, and such action or proceeding shall be continuing if not rescinded, suspended or stayed for a period of 30 consecutive days; or
- (v) with respect to Unsubordinated Notes issued by the LLC only, the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the LLC in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the LLC or of any substantial part of the property of the LLC, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or the commencement by the LLC of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the LLC to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the LLC of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by the LLC to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the LLC or of any substantial part of the property of the LLC, or the making by the LLC of an assignment for the benefit of creditors, or the taking of corporate action by the LLC in furtherance of any such action, and such action or proceeding shall be continuing if not rescinded, suspended or stayed for a period of 30 consecutive days; or

- (vi) with respect to Unsubordinated Notes issued by the Bank only, the Bank applies for the appointment of a conciliator (*conciliateur*), enters into an amicable settlement (*accord amiable*) with its creditors or ceases its payments, or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Bank or for a transfer of the whole of its business (*cession totale de l'entreprise*), or the Bank is subject to similar proceedings, or, in the absence of legal proceedings, the Bank makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Bank for its winding-up or dissolution, except in connection with a merger or other reorganization in which all of the Bank's assets are transferred to, and all of the Bank's debts and liabilities (including the Notes) are assumed by, another entity which continues the Bank's activities.

(b) *Enforcement (Subordinated Notes)*

In the case of Subordinated Notes, the holder of any Subordinated Note may, upon written notice to the Fiscal and Paying Agent, cause such Subordinated Note to become due and payable, together with accrued interest thereon, if any, as of the date on which said notice is received by the Fiscal and Paying Agent, in the event that a resolution is passed or a judgment is issued for the liquidation of the LLC or an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire or liquidation amiable*) of the Bank.

9. **Prescription**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiration of 10 years from the due date thereof, and claims for payment of interest, if any, in respect of the Notes shall be prescribed upon the expiration of five years from the due date thereof.

10. **Replacement of Notes**

If any Note, including any global Note, is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Fiscal and Paying Agent upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence an indemnity as the relevant Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued. Cancellation and replacement of Notes shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

11. **Further Issues**

The Issuers shall be at liberty from time to time without the consent of the Noteholders to issue further notes, such further notes forming a single series with the existing Notes so that such further notes and the Notes carry rights identical in all respects, or in all respects except for the first payment of interest thereon.

12. **Notices**

- (a) All notices to the holders of registered Notes will be valid if mailed to the addresses of the registered holders.
- (b) All notices regarding Notes, both certificated and global, will be valid if published once in a leading English-language daily newspaper with general circulation in the United States, which is expected to be the Wall Street Journal. 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.
- (c) Until such time as any certificated Notes are issued, there may, so long as all the global Notes for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, Euroclear and Clearstream, Luxembourg, be substituted, in relation only to such Series, for such publication as aforesaid in Condition 12(b), the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, except that if the Notes are listed on a stock exchange and the rules of that stock exchange so require, the relevant notice will in any event be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to

have been given to the Noteholders on the seventh day after the day on which the notice was given to DTC, Euroclear and/or Clearstream, Luxembourg.

- (d) Notices to be given by any holder of any Notes shall be in writing and given by delivering the same, together with the relevant Note or Notes, to the Fiscal and Paying Agent. While any Notes are represented by a global Note, such notice may be given by a holder of any of the Notes so represented to the Fiscal and Paying Agent via DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal and Paying Agent and DTC, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.
- (e) All notices given to Noteholders, irrespective of how given, shall also be delivered in writing to DTC, Euroclear and Clearstream, Luxembourg and, in the case of listed Notes, to the relevant stock exchange.

### 13. Meetings of Noteholders, Modification and Waiver

With respect to each Series of Notes, the relevant Issuer and the Fiscal and Paying Agent may, with the consent of the holders of at least 50% in aggregate principal amount of the then outstanding Notes of such Series, modify and amend the provisions of such Notes, including to grant waivers of future compliance or past default by such Issuer. However, no such amendment or modification will apply, without the consent of each Noteholder affected thereby, to Notes of such Series owned or held by such Noteholder with respect to the following matters:

- (a) to change the stated maturity of the principal of or interest on such Notes;
- (b) to reduce the principal amount of or interest on such Notes;
- (c) to change the currency of payment of principal or interest on such Notes, except as provided in paragraph 7 above; and
- (d) to impair the right to institute suit for the enforcement of any payment in respect of such Notes.

In addition, no such amendment or notification may, without the consent of each Noteholder of such Notes, reduce the percentage of principal amount of Notes of such Series outstanding necessary to make these modifications or amendments to such Notes or to reduce the quorum requirements or the percentages of votes required for the adoption of any action at a Noteholder meeting.

In addition, in the case of a Series of Subordinated Notes, any proposed modification of any provision of such Subordinated Notes (including a modification of the provisions as to subordination referred to in paragraph 2(b) above) requiring the consent of holders of at least 50% in principal amount of the then outstanding Subordinated Notes of such Series can only be effected subject to the prior approval of the *Secrétariat général de l'Autorité de Contrôle Prudentiel* in France.

Each Issuer may also agree to amend any provision of any Series of Notes of such Issuer with the holder thereof, but that amendment will not affect the rights of the other Noteholders or the obligations of such Issuer with respect to the other Noteholders.

No consent of the Noteholders is or will be required for any modification or amendment requested by an Issuer or by the Fiscal and Paying Agent or with the consent of such Issuer to:

- (a) add to such Issuer's covenants for the benefit of the Noteholders; or
- (b) surrender any right or power of such Issuer in respect of a Series of Notes or the Fiscal and Paying Agency Agreement; or
- (c) provide security or collateral for a Series of Notes; or
- (d) cure any ambiguity in any provision, or correct any defective provision, of a Series of Notes; or

- (e) change the terms and conditions of a Series of Notes or the Fiscal and Paying Agency Agreement in any manner that such Issuer and the Fiscal and Paying Agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of any Noteholder of such Notes; or
- (f) redenominate the Notes of a Series in euro when redenomination is specified in the applicable supplement as being applicable.

Each Issuer may at any time ask for written consent or call a meeting of the Noteholders of a Series to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of such Series of Notes of such Issuer. This meeting will be held at the time and place determined by such Issuer and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

If at any time the holders of at least 10% in principal amount for the then outstanding Notes of a Series request the Fiscal and Paying Agent to call a meeting of the holders of such Notes for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal and Paying Agent will call the meeting for such purpose. This meeting will be held at the time and place determined by the Fiscal and Paying Agent, after consultation with the relevant Issuer, and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Noteholders who hold a majority in principal amount of the then outstanding Notes of a Series will constitute a quorum at a noteholders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least 20 days. At the reconvening of a meeting adjourned for lack of quorum, holders of 25% in principal amount of the then outstanding Notes of such Series shall constitute a quorum. Notice of the reconvening of any meeting may be given only once, but must be given at least ten days and not more than 15 days prior to the meeting.

At any meeting when there is a quorum present, holders of at least 50% in principal amount of the Notes of a Series represented and voting at the meeting may approve the modification or amendment of, or a waiver of compliance for, any provision of the Notes of such Series except for specified matters requiring the consent of each Noteholder, as set forth above. Modifications, amendments or waivers made at such a meeting will be binding on all current and future Noteholders.

#### **14. Agents**

In acting under the Fiscal and Paying Agency Agreement, the Agents will act solely as agents of the Issuers and do not assume any obligations or relationship of agency or trust to or with the Noteholders, except that, without affecting the obligations of the Issuers to the Noteholders, to repay Notes and pay interest thereon, funds received by the Fiscal and Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders until the expiration of the relevant period of prescription described under "Prescription" above. The Issuers will agree to perform and observe the obligations imposed upon them under the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agency Agreement contains provisions for the indemnification of the Agents and for relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with the Issuers and any of its affiliates without being liable to account to the Noteholders for any resulting profit.

#### **15. Governing Law; Consent to Jurisdiction and Service of Process; Immunity**

The Fiscal and Paying Agency Agreement provides that the Notes will be governed by, and construed in accordance with, the laws of the State of New York; provided, however, that Condition 2(b) of the Notes will be governed by, and construed in accordance with, French law.

Each of the Bank and the Guarantor has consented to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York with respect to any action that may be brought in connection with the Notes, with respect to the Bank, and the Guarantees, with respect to the Guarantor. Each of the Bank and the Guarantor has appointed the Treasurer of the Branch as its agent upon whom process may be served in any action brought against the Bank in any U.S. or New York State court.

The Bank and its properties are currently not entitled to any sovereign or other immunity and the Bank has agreed that, to the extent that it may hereafter become entitled to any such immunity, it waives such immunity with respect to matters arising out of or in connection with the Notes issued by it or the Guarantees.

16. **Definitions in these Terms and Conditions**

The following expressions have the following meanings:

- (a) “Adjusted” means that for the purposes of an Interest Period where the Interest Payment Date is not a Payment Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the first following Business Day, if Following Business Day Convention is specified in the applicable supplement, or up to, but excluding, the first following Business Day or the first preceding Business Day, as the case may be, if Modified Following Business Day Convention is specified in the applicable supplement.
- (b) “Established Rate” means the rate for the conversion of the Specified Currency, including compliance with rules relating to roundings in accordance with applicable European Community regulations, into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty.
- (c) “Euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.
- (d) “London Business Day” means a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.
- (e) “New York and London Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in the city of New York, New York and the city of London.
- (f) “New York Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in the city of New York, New York.
- (g) “Redenomination Date” means, in the case of interest bearing Notes, any date for payment of interest under the Notes or, in the case of Zero Coupon Notes, any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to paragraph 6(a) above, that falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.
- (h) “Treaty” means the Treaty on the Functioning of the European Union, as amended.
- (i) “Unadjusted” means that for the purposes of an Interest Period where the Interest Payment Date is not a Payment Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the stated Interest Payment Date.
- (j) “Undated Deeply Subordinated Notes” means the direct, unconditional, unsecured and subordinated obligations of the Bank, which rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and deeply subordinated indebtedness of the Bank and have no fixed maturity date.

## TAXATION

### **United States Federal Income Taxation**

The following is a summary of certain U.S. federal income tax considerations that may be relevant to the holder of a Note. This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary deals only with holders that will hold Notes as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction or persons that have a “functional currency” other than the U.S. dollar.

For purposes of this discussion, a “United States holder” is a holder of a Note that is an individual who is a citizen or resident of the United States or a domestic U.S. corporation or an entity that otherwise is subject to U.S. federal income taxation on a net income basis in respect of a Note. A “non-United States holder” is a holder of a Note that is a nonresident alien individual or a foreign corporation.

**United States Internal Revenue Service (the “IRS”) Circular 230 Notice:** To ensure compliance with IRS Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Base Prospectus or any document referred to herein (including any product supplement, prospectus supplement or pricing supplement) is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

**Scope.** Depending on the relevant economic terms of the Notes, including whether holders of the Notes have principal protection, the Notes may be characterized for U.S. federal income tax purposes as indebtedness, forward contracts or other financial derivatives, or possibly (in the case of Physical Delivery Notes) as interests in the Underlying Assets of any linked payments on the Notes or (in the case of Undated Subordinated Notes) as equity of BNP Paribas. The following discussion addresses the consequences to holders of Notes that are characterized for U.S. federal income tax purposes as (i) indebtedness of the Issuer, (ii) a grant by the holder of an option on a forward contract with respect to Underlying Assets or underlying indices, funds or other interests (the “Underlying”) (a “Reverse Convertible Note”) or (iii) a cash-settled forward contract with respect to the Underlying (a “Forward Contract Note”). Any special U.S. federal income tax considerations relevant to a particular issue of Notes, including any Linked Notes, Physical Delivery Notes and Undated Subordinated Notes that are not characterized as indebtedness for U.S. federal income tax purposes, will be provided in the applicable Pricing Supplement.

In general, a Note other than a Reverse Convertible Note and a Forward Contract Note will be treated as indebtedness for U.S. federal income tax purposes unless otherwise indicated in the applicable pricing supplement. By purchasing such a Note, each holder agrees to treat the Note as indebtedness for U.S. federal income tax purposes.

This summary applies to Dual Currency Notes only if one of the Specified Currencies is the U.S. dollar. A description of the tax considerations relevant to other Dual Currency Notes will be provided in the applicable pricing supplement.

### **United States Holders**

#### ***Consequences of Notes Characterized As Debt***

The following discussion applies to Notes that are characterized as indebtedness for U.S. federal income tax purposes.

**Payments of Interest.** Payments of “qualified stated interest” (as defined below under “Original Issue Discount”) on a Note will be taxable to a United States holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States holder’s method of tax accounting). If such payments of interest are made with respect to a Physical Delivery Note or other Note that provides for payments of interest in property (other than cash), the amount of interest income realized by a United States holder



will be the fair market value of such property at the time of the payment. If such payments of interest are made with respect to a Note denominated in a Specified Currency other than U.S. dollars (a "Foreign Currency Note"), the amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the Specified Currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States holder's taxable year), or, at the accrual basis United States holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A United States holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Note.

*Purchase, Sale and Retirement of Notes.* A United States holder's tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest made on such Note. In the case of a Foreign Currency Note, the cost of such Note to a United States holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder (and, if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States holder's tax basis in a Note in respect of original issue discount, market discount and premium denominated in a Specified Currency will be determined in the manner described under "Original Issue Discount" and "Premium and Market Discount" below. The conversion of U.S. dollars to a Specified Currency and the immediate use of the Specified Currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the United States holder's tax basis in such Note. If a United States holder receives property (other than cash) in respect of the sale, exchange or retirement of a Note, the amount realized will be the fair market value of such property at the time of such sale, exchange or retirement. If a United States holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a Note, the amount realized will be the U.S. dollar value of the Specified Currency received, calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder, and if it so elects, an accrual basis United States holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual basis United States holders in respect of the purchase and sale of Foreign Currency Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, Short-Term Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has held the Note for more than one year at the time of disposition. Long term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deduction of capital losses is subject to limitations.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

*Original Issue Discount.* United States holders of Notes with original issue discount (“OID”) (each such Note an “Original Issue Discount Note”) generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Internal Revenue Code of 1986, as amended, and certain regulations promulgated thereunder (the “OID Regulations”). United States holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each United States holder of an Original Issue Discount Note, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the “daily portions” of OID on the Note for all days during the taxable year that the United States holder owns the Note. The daily portions of OID on an Original Issue Discount Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Note allocable to each accrual period is determined by (a) multiplying the “adjusted issue price” (as defined below) of the Original Issue Discount Note at the beginning of the accrual period by the yield to maturity of such Original Issue Discount Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. If the total amount of OID on a Note calculated pursuant to the preceding sentence is less than the product of (a) 0.25% of the Note’s “stated redemption price at maturity” (generally, the sum of all payments on the Note other than payments of qualified stated interest) and (b) the number of complete years to the Note’s maturity, the Note will be treated as having no OID. The yield to maturity of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The “adjusted issue price” of an Original Issue Discount Note at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Note in all prior accrual periods. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually during the entire term of an Original Issue Discount Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices. In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will generally be determined for these purposes as though the Original Issue Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.) As a result of this “constant yield” method of including OID in income, the amounts includible in income by a United States holder in respect of an Original Issue Discount Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

All payments on an Original Issue Discount Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal.

A United States holder generally may make an irrevocable election to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by such United States holder for such Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the United States holder, the United States holder making such election will also be deemed to have made the election (discussed below in “— Premium and Market Discount”) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Note that is also a Foreign Currency Note, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the Specified Currency using the constant-yield method described above, and (b) translating the amount of the Specified Currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder’s taxable year) or, at the United States holder’s election (as described above under “— Payments of Interest”), at the spot rate of exchange on the last day

of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of an Original Issue Discount Note that is also a Foreign Currency Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Note denominated in U.S. dollars. Upon the receipt of an amount attributable to OID on a Foreign Currency Note (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States holder of an Original Issue Discount Note that purchases the Note at a cost less than its remaining redemption amount (as defined below), or an initial United States holder that purchases an Original Issue Discount Note at a price other than the Note's issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States holder acquires the Original Issue Discount Note at a price greater than its adjusted issue price, such holder may reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The "remaining redemption amount" for a Note is the total of all future payments to be made on the Note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as "variable rate debt instruments" under the OID Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as "qualified stated interest" and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note does not qualify as a "variable rate debt instrument," such Note will be subject to special rules (the "Contingent Payment Regulations") that govern the tax treatment of debt obligations that provide for contingent payments. See "Linked Debt Notes and Other Notes Providing for Contingent Payments" below. A description of the tax considerations relevant to United States holders of any such Notes will be provided in the applicable pricing supplement.

Certain of the Notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the applicable pricing supplement. Notes containing such features, in particular Original Issue Discount Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the applicable pricing supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

*Premium and Market Discount.* A United States holder of a Note that purchases the Note at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Original Issue Discount Notes purchased at a premium will not be subject to the OID rules described above. With respect to a United States holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States holder's tax basis when the Note matures or is disposed of by the United States holder. Therefore, a United States holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures.

In the case of premium in respect of a Foreign Currency Note, a United States holder should calculate the amortization of such premium in the Specified Currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Note and the exchange rate on the date on which the United States holder acquired the Note.

If a United States holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an Original Issue Discount Note, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have “market discount” in the hands of such United States holder. In such case, gain realized by the United States holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such United States holder. In addition, the United States holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant yield method. Market discount on a Foreign Currency Note will be accrued by a United States holder in the Specified Currency. The amount includible in income by a United States holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the United States holder.

A United States holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a United States holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States holder’s taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

*Short-Term Notes.* The rules set forth above will also generally apply to Notes having maturities of not more than one year (“Short-Term Notes”), but with certain modifications.

First, the OID Regulations treat *none* of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be Original Issue Discount Notes. OID will be treated as accruing on a Short-Term Note ratably, or at the election of a United States holder, under a constant yield method.

Second, a United States holder of a Short-Term Note that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the Short-Term Note as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such Note until the maturity of the Note or its earlier disposition in a taxable transaction. In addition, such a United States holder will be required to treat any gain realized on a sale, exchange or retirement of the Note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the Note during the period the United States holder held the Note. Notwithstanding the foregoing, a cash-basis United States holder of a Short-Term Note may elect to accrue original issue discount on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A United States holder using the accrual method of tax accounting and certain cash-basis United States holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a Short-Term Note in income on a current basis.

Third, any United States holder (whether cash or accrual basis) of a Short-Term Note can elect to accrue the “acquisition discount,” if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of the remaining redemption amount of the Note at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a Short-Term Note.

*Linked Debt Notes and Other Notes Providing for Contingent Payments.* Linked Notes may be treated as debt instruments or characterized in another fashion, as appropriate. Unless otherwise noted in the applicable Pricing Supplement, Linked Notes that are characterized as indebtedness for U.S. federal income tax purposes (including, for this purpose, any such Physical Delivery Notes), hereinafter referred to as “Linked Debt Notes” will be treated as “contingent payment debt instruments” for U.S. Federal income tax purposes. As a result, the Linked Debt Notes will generally be subject to the OID Regulations and a United States holder will be required to accrue income on the Linked Debt Notes as set forth below, provided that the Note has a term of more than one year and

does not provide for payments in a foreign currency or determined by reference to a foreign currency or any debt obligation denominated in a foreign currency.

At the time the Linked Debt Notes are issued, the relevant Issuer will be required to determine a “comparable yield” for the Linked Debt Notes that takes into account the yield at which such Issuer could issue a fixed rate debt instrument with terms similar to those of the Linked Debt Notes (including the level of subordination, term, timing of payments and general market conditions, but excluding any adjustments for liquidity or the riskiness of the contingencies with respect to the Linked Debt Notes). The comparable yield may be greater than or less than the stated interest rate, if any, with respect to the Linked Debt Notes.

Solely for purposes of determining the amount of interest income that a United States holder will be required to accrue, the relevant Issuer will be required to construct a “projected payment schedule” in respect of the Linked Debt Notes representing a series of payments the amount and timing of which would produce a yield to maturity on the Linked Debt Notes equal to the comparable yield. NEITHER THE COMPARABLE YIELD NOR THE PROJECTED PAYMENT SCHEDULE CONSTITUTES A REPRESENTATION BY THE RELEVANT ISSUER REGARDING THE ACTUAL AMOUNT THAT THE LINKED NOTES WILL PAY. For U.S. federal income tax purposes, a United States holder is required to use the comparable yield and the projected payment schedule established by the relevant Issuer in determining interest accruals and adjustments in respect of a Linked Debt Note, unless such United States holder timely discloses and justifies the use of other accruals and adjustments to the IRS. The relevant Issuer will provide the comparable yield and projected payment schedule, or instructions on how to obtain that information, in the applicable pricing supplement.

Based on the comparable yield and the issue price of the Linked Debt Notes, a United States holder of a Linked Debt Note (regardless of accounting method) will be required to accrue as OID the sum of the daily portions of interest on the Linked Debt Note for each day in the taxable year on which the holder held the Linked Debt Note, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Linked Debt Note (as set forth below). The daily portions of interest in respect of a Linked Debt Note are determined by allocating to each day in an accrual period the taxable portion of interest on the Linked Debt Note that accrues in the accrual period. The amount of interest on a Linked Debt Note that accrues in an accrual period is the product of the comparable yield on the Linked Debt Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of a Linked Debt Note. The adjusted issue price of a Linked Debt Note at the beginning of the first accrual period will equal its issue price and for any accrual period thereafter will be (x) the sum of the issue price of such Linked Debt Notes and any interest previously accrued thereon by a holder (disregarding any positive or negative adjustments) minus (y) the amount of any projected payments on the Linked Debt Note for previous accrual periods.

A United States holder will be required to recognize interest income equal to the amount of any positive adjustment (*i.e.*, the excess of actual payments over projected payments) in respect of a Linked Debt Note for a taxable year. A negative adjustment (*i.e.*, the excess of projected payments over actual payments) in respect of a Linked Debt Note for a taxable year (i) will first reduce the amount of interest in respect of the Linked Debt Note that a United States holder would otherwise be required to include in income in the taxable year and (ii) to the extent that the negative adjustment exceeds the amount described in (i), will give rise to an ordinary loss, up to the amount by which the holder’s total interest inclusions on the debt instrument in prior taxable years exceed the total amount of the holder’s net negative adjustments treated as ordinary loss on the debt instrument in prior taxable years. A net negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under section 67 of the Internal Revenue Code. Any negative adjustment in excess of the amounts described above in (i) and (ii) will be carried forward to offset future interest income in respect of the Linked Debt Note or to reduce the amount realized on a sale, exchange or retirement of the Linked Debt Note.

Upon a sale, exchange or retirement of a Linked Debt Note (including a repurchase or redemption of the Note at the option of the relevant Issuer or the holder), a United States holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and such holder’s tax basis in the Linked Debt Note. If the relevant Issuer delivers property (other than cash) to a holder in retirement of a Linked Debt Note, the amount realized will equal the fair market value of the property, determined at the time of such retirement, plus the amount of cash, if any, received in lieu of property. A United States holder’s tax basis in a Linked Debt Note will equal the cost thereof, increased by the amount of interest income previously accrued by the holder in respect of the Linked Debt Notes (disregarding any positive or negative adjustment) and decreased by the amount of all prior projected payments in respect of the Linked Debt Note. A United States holder generally will

treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. If there are no remaining contingent payments at the time of the sale, exchange or retirement of the Linked Debt Note under the projected payment schedule, any gain or loss recognized by the holder generally will be capital gain or loss.

A United States holder will have a tax basis in any property (other than cash) received upon any payment on or the retirement of a Linked Debt Note equal to the fair market value of such property, determined at the time of such retirement. Any gain or loss realized by a United States holder on a sale or exchange of such property generally will be capital gain or loss and will generally be long-term capital gain or loss if the sale or exchange occurs more than one year after such payment or the retirement of the Linked Debt Note.

The tax consequences to a United States holder of a Short—Term Note that provides for contingent payments are not clear. Under the special rules applicable to Short-Term Notes, a United States holder using an accrual method of accounting generally is required to accrue original issue discount with respect to a Note, as described above. However, the rules applicable to Short-Term Notes do not address how to accrue income with respect to a future contingent payment. Moreover, the Contingent Payment Regulations that require United States holders to accrue interest income regardless of their method of accounting do not apply to Short-Term Notes. Taxpayers using an accrual method of accounting generally are not required to include amounts in income until all the events have occurred that fix the right to receive the income and the amount of the income can be determined with reasonable accuracy. Accordingly, although no assurances can be provided in this regard, it appears that in the case of contingent payment Short-Term Notes, a United States holder using the accrual method of accounting should not be required to include amounts in income prior to the date on which the amount of such payment becomes fixed, while a United States holder using the cash method of accounting generally should include such amounts in income at the time that such payment is received.

In the case of Linked Debt Notes that provide for payments in or determined by reference to a foreign currency, or that are denominated in a foreign currency, special tax rules apply. A description of the tax considerations relevant to holders of such a Linked Debt Note will be provided in the applicable pricing supplement.

*Fixed but Deferred Contingent Payments.* Subject to the discussion in the first following paragraph, if a contingent payment in respect of a Linked Debt Note becomes fixed more than six months prior to the date such payment is scheduled to be made, the United States holder of such Note will incur a positive adjustment or negative adjustment on such date under the Contingent Payment Regulations, depending on whether the amount so fixed is greater than or less than the projected amount of the contingent payment, respectively. The amount of any such adjustment will be equal to the difference between the present value of the amount that is fixed and the present value of the projected amount of the contingent payment, measured as of the date the contingent amount becomes fixed and determined using a discount rate equal to the comparable yield. The amount of such a positive adjustment or negative adjustment will increase or decrease, respectively, the adjusted issue price of the Note and the United States holder's tax basis in the Note. The projected payment schedule will be modified prospectively to reflect the fixed amount of the payment on the date that the contingent payment becomes fixed, so that when the contingent payment is actually made no adjustment will be required. The accrual period of the Note will end on the date that the contingent payment becomes fixed, and a new accrual period will begin on the following day.

Notwithstanding the foregoing, if all contingent payments on a Linked Debt Note were to become fixed substantially contemporaneously more than six months prior to its maturity, any positive or negative adjustments on the instrument must be taken into account in a reasonable manner over the period to which they relate. Also, if contingent stated interest payments are adjusted to compensate for contingencies regarding the reasonableness of the debt instrument's stated rate of interest, such contingent stated interest payments are recognized over the period to which they relate in a reasonable manner.

United States holders should be aware that the Form 1099-OID reporting interest accruals on such Linked Debt Notes that they may receive may *not* take the adjustments described in the two preceding paragraphs into account, and thus may overstate or understate the United States holders' interest inclusions.

In the case where a United States holder has a tax basis that is greater than or less than the adjusted issue price of a Note, the amount allocated to a projected payment, as described under "Purchasers of Linked Debt Notes at a Price Other than Adjusted Issue Price," will be treated as a negative adjustment or positive adjustment, respectively, on the date such payment becomes fixed.

*Purchasers of Linked Debt Notes at a Price Other than Adjusted Issue Price.* If a United States holder purchases a Linked Debt Note in the secondary market for an amount that differs from the adjusted issue price of the Notes at the time of purchase, that United States holder will be required to accrue interest income on the Note in accordance with the comparable yield even if market conditions have changed since the date of issuance. The regular rules for accruing bond premium, acquisition premium and market discount will not apply. Instead, a United States holder must reasonably determine whether the difference between the purchase price for a Note and the adjusted issue price of a Note is attributable to a change in expectations as to the contingent amounts potentially payable in respect of the Notes, a change in interest rates since the Notes were issued, or both, and allocate the difference accordingly to the remaining daily portions of interest and projected payments.

If the purchase price of the Linked Debt Note is less than its adjusted issue price, a positive adjustment will result, increasing the amount of interest (or decreasing the amount of ordinary loss) that a United States holder would otherwise accrue and include in income each year and upon redemption or maturity in accordance with the United States holder's reasonable allocation of the difference to daily portions of interest or to projected payments, as discussed above. If the purchase price is more than the adjusted issue price of the Linked Debt Note, a negative adjustment will result, decreasing the amount of interest (or increasing the amount of ordinary loss) that a United States holder would otherwise accrue and include in income each year and upon redemption or maturity by the amounts allocated to daily portions of interest or projected payments. Any positive or negative adjustment that a United States holder is required to make if the United States holder purchases the Notes at a price other than the adjusted issue price will increase or decrease, respectively, that United States holder's tax basis in the Notes.

If a United States holder receives a Form 1099-OID reporting interest accruals on such Linked Debt Notes, the form will not reflect the effect of any positive or negative adjustments resulting from such United States holder's purchase of a Note in the secondary market at a price that differs from its adjusted issue price on the date of purchase. United States holders are urged to consult their tax advisors as to whether, and how, the adjustments should be made to the amounts reported on any Form 1099-OID.

#### ***Consequences of Reverse Convertible Notes and Forward Contract Notes***

The following discussion applies to Notes that may be characterized as either a Reverse Convertible Note, a Forward Contract Note or in some other manner, rather than as debt. The consequences of Forward Contract Notes that provide for physical delivery of the Underlying will be discussed in the applicable prospectus supplement.

The following discussion assumes that none of the Underlying consists of shares of an issuer that is a passive foreign investment company for U.S. federal income tax purposes. If this assumption is not correct, then the U.S. federal income tax consequences of owning the Notes could differ significantly from the consequences described below.

#### ***Consequences of Reverse Convertible Notes***

Unless otherwise specified in an applicable prospectus supplement, in purchasing a Reverse Convertible Note, each holder and the Issuer agree to treat such Note for U.S. federal income tax purposes as a grant by the holder to the Issuer of an option on a forward contract, pursuant to which forward contract each holder will purchase from the Issuer Underlying Assets, and under which option (a) at the time of issuance of the Notes the holder deposits irrevocably with the Issuer a fixed amount of cash to assure the fulfillment of the holder's purchase obligation described in clause (d) below, (b) until maturity the Issuer will be obligated to pay interest to the holder, as compensation for the use of such cash deposit during the term of the Reverse Convertible Notes, (c) the Issuer will be obligated to pay an option premium to the holder in consideration for granting the option, which premium will be payable in a number of parts (as part of the coupon payments), (d) if pursuant to the terms of the Reverse Convertible Notes at maturity the holder is obligated to purchase Underlying Assets, then such cash deposit unconditionally and irrevocably will be applied by the Issuer in full satisfaction of the holder's purchase obligation under the Reverse Convertible Notes, and the Issuer will deliver to the holder the number of Underlying Assets that the holder is entitled to receive at that time pursuant to the terms of the Reverse Convertible Notes, and (e) if pursuant to the terms of the Reverse Convertible Notes at maturity the holder is not obligated to purchase Underlying Assets, the Issuer will return such cash deposit to the holder at maturity.

Under the above, agreed-to characterization of the Reverse Convertible Notes, (i) amounts paid to the Issuer in respect of the original issue of a Reverse Convertible Note will be treated as allocable in their entirety to the amount of the cash deposit attributable to such Note, (ii) amounts denominated as interest will be characterized as interest payable on the amount of such deposit, and will be includible in the income of a United States holder as

interest in the manner described below, and (iii) amounts denominated as option premium will be characterized as option premium, and will be includible in the income of a United States holder in the manner described below. As discussed below, there is no assurance that the IRS will agree with this treatment, and alternative treatments of the Reverse Convertible Notes could result in less favorable U.S. federal income tax consequences to a holder, including a requirement to accrue income on a current basis.

Except as discussed below, under the above, agreed-to characterization of the Reverse Convertible Notes, the interest payments will be included in the income of a United States holder as interest at the time that such interest is accrued or received in accordance with such United States holder's method of accounting.

Under the above, agreed-to characterization of the Reverse Convertible Notes, the option premium payments will not be included in the income of a United States holder until the sale or other taxable disposition of the Reverse Convertible Notes or the retirement of the Reverse Convertible Notes for cash. Accordingly, all the premium payments on the Reverse Convertible Notes (except for the last premium payment) generally will not be included in the income of a United States holder when they are received. Upon the sale or other taxable disposition of the Reverse Convertible Notes or at maturity, as the case may be, the option premium payments will be treated in the manner described below.

Under the above, agreed-to, characterization of the Reverse Convertible Notes, if at maturity the Issuer pays the Reverse Convertible Notes in cash, including the last interest payment and the last option premium payment, then a United States holder (i) would include the last interest payment in income as interest in the manner described above and (ii) would recognize short-term capital gain equal to the entire amount of option premium, which amount is equal to the sum of all of the option premium payments.

Under the above, agreed-to characterization of the Reverse Convertible Notes, if at maturity under the terms of a Reverse Convertible Note the Issuer delivers the appropriate number of Underlying Assets pursuant to the United States holder's purchase obligation under the Reverse Convertible Notes and the Issuer pays the last interest payment and the last option premium payment, then such United States holder (i) will include the last interest payment in income as interest in the manner described above, (ii) will recognize no gain or loss on the purchase of Underlying Assets by application of the cash deposit and (iii) will recognize no gain or loss on the entire amount of all of the option premium payments. The United States holder will have a tax basis in such Underlying Assets equal to the United States holder's original cost for the Reverse Convertible Notes in exchange for which such United States holder received such Underlying Assets less (x) an amount equal to the entire amount of all of the option premium payments and less (y) the portion of the tax basis of the Notes allocable to any fractional share, as described in the next sentence. A United States holder will recognize gain or loss (which will be short-term capital gain or loss) with respect to any cash received in lieu of fractional shares, in an amount equal to the difference between the cash received and the portion of the basis of the Reverse Convertible Notes allocable to fractional shares (based on the relative number of fractional shares and full shares delivered to the United States holder). A United States holder's holding period for Underlying Assets received will begin on the day following the receipt of such Underlying Assets.

If, as a result of one or more antidilution adjustments, at maturity (accelerated or otherwise) the Issuer delivers any combination of cash, shares and other property, pursuant to the United States holder's purchase obligation under the Reverse Convertible Notes, although not free from doubt, the United States holder should allocate its cash deposit (less the entire amount of the option premium payments received) pro rata to each of the cash, any shares and any other property received on a fair market value basis. Under this treatment, the United States holder generally would be taxed as described in the preceding paragraph, except that the United States holder's basis in any shares or any other property received would equal the relevant pro rata portion of its deposit (less the entire amount of the option premium payments received) allocated thereto and the United States holder would recognize short-term capital gain or loss equal to the difference between the cash received and the amount allocated thereto.

Under the above, agreed-to characterization of the Reverse Convertible Notes, upon the sale or other taxable disposition of a Reverse Convertible Note, a United States holder generally will recognize short-term capital gain or loss equal to the difference between (x) an amount equal to the amount realized on the sale or other taxable disposition (to the extent such amount is not attributable to accrued but unpaid interest or accrued OID on the Reverse Convertible Notes, as described above, which will be taxed as such) plus the amount of option premium previously paid to such United States holder, if any, and (y) such United States holder's adjusted tax basis in the Reverse Convertible Notes. A United States holder's adjusted tax basis in a Reverse Convertible Note generally



will equal such United States holder's cost for that Note, except that in the case of a Short-Term Note such adjusted tax basis will be increased by any amounts included in income by the holder as OID and reduced by any interest payments made on such Note.

Due to the absence of authority as to the proper characterization of the Reverse Convertible Notes and the absence of any comparable instruments for which there is a widely accepted tax treatment, no assurance can be given that the IRS will accept, or that a court will uphold, the agreed-to characterization and tax treatment described above. Under any such alternative characterization, the timing and character of income from the Notes could differ substantially from that described above. **UNITED STATES HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING POSSIBLE ALTERNATIVE CHARACTERIZATIONS OF THE REVERSE CONVERTIBLE NOTES.** Under a possible alternative characterization of the Reverse Convertible Notes, for example, the IRS could seek to treat the Reverse Convertible Notes as contingent payment debt instruments, as described above under "Consequences of Notes Characterized As Debt—Linked Debt Notes and Other Notes Providing for Contingent Payments." In addition, it is possible that the IRS could maintain that amounts denominated as option premium (i) should be characterized for U.S. federal income tax purposes as interest, or (ii) should be treated as a return on the United States holder's investment in the Reverse Convertible Notes that constitutes income.

#### *Consequences of Forward Contract Notes*

Unless otherwise specified in an applicable prospectus supplement, in purchasing a Forward Contract Note, each holder and the Issuer agree to treat such Note for U.S. federal income tax purposes as a cash-settled forward contract on the value of the Underlying at maturity under which an amount equal to the purchase price of the Forward Contract Notes is treated as a non-interest-bearing cash deposit to be applied at maturity in full satisfaction of the holder's payment obligation under the forward contract. (Prospective investors should note that cash proceeds of offerings will not be segregated by the Issuer during the term of the Forward Contract Notes, but instead will be commingled with the Issuer's other assets and applied in a manner consistent with the section "Use of Proceeds and Hedging" in this base prospectus and as supplemented by any "Use of Proceeds and Hedging" section in the applicable prospectus supplement.)

Under the above, agreed-to characterization, a United States holder's tax basis in a Forward Contract Note generally will equal the holder's cost for that Forward Contract Note. Upon the sale or other taxable disposition of a Forward Contract Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and the United States holder's tax basis in the Forward Contract Notes. Such gain or loss generally will be long-term capital gain or loss if the United States holder has held the Forward Contract Notes for more than one year at the time of disposition.

Under the above, agreed-to characterization, at maturity a United States holder will recognize capital gain or loss equal to any difference between the amount of cash received from the Issuer and the United States holder's tax basis in the Forward Contract Notes at that time. Such gain or loss generally will be long-term capital gain or loss if the United States holder has held the Forward Contract Notes for more than one year at maturity.

Due to the absence of authority as to the proper characterization of the Forward Contract Notes and the absence of any comparable instruments for which there is a widely accepted tax treatment, no assurance can be given that the IRS will accept, or that a court will uphold, the characterization of the Forward Contract Notes as cash-settled forward contracts and the tax treatment described above. In particular, the IRS could seek to analyze the federal income tax consequences of owning Forward Contract Notes under the Contingent Payment Regulations. Under alternative characterizations of the Forward Contract Notes, it is possible, for example, that a Forward Contract Note could be treated as including a debt instrument and a forward contract or two or more options.

It is also possible that future regulations or other IRS guidance would require holders to accrue income on the Forward Contract Notes on a current basis. The U.S. Treasury Department has issued proposed regulations that require current accrual of income with respect to contingent nonperiodic payments made under certain notional principal contracts. The preamble to the regulations states that the "wait and see" method of tax accounting does not properly reflect the economic accrual of income on such contracts, and requires a current accrual of income with respect to some contracts already in existence at the time the proposed regulations were released. While the proposed regulations do not apply to prepaid forward contracts, the preamble to the proposed regulations expresses the view that similar timing issues exist in the case of prepaid forward contracts. If the IRS published future

guidance requiring current accrual of income with respect to contingent payments on prepaid forward contracts, it is possible that holders could be required to accrue income over the term of the Forward Contract Notes.

Some or all of the net long-term capital gain arising from certain “constructive ownership” transactions may be characterized as ordinary income, in which case an interest charge would be imposed on any such ordinary income. These rules have no immediate application to forward contracts in respect of the stock of most corporations (or indices on such stock). The rules, however, grant discretionary authority to the U.S. Treasury Department to expand the scope of “constructive ownership” transactions to include forward contracts in respect of the stock of all corporations. The rules separately also direct the Treasury to promulgate regulations excluding a forward contract that does not convey “substantially all” of the economic return on any underlying asset from the scope of “constructive ownership” transactions. It is not possible to predict whether such regulations will be promulgated by the U.S. Treasury Department, or the form or effective date that any regulations that may be promulgated might take.

On December 7, 2007, the IRS and U.S. Treasury Department issued a notice requesting public comments on a comprehensive set of tax policy issues raised by prepaid forward contracts, including several different approaches under which U.S. holders of prepaid forwards could be required to recognize ordinary income on a current basis, or could be treated as owning directly the assets subject to the prepaid forward. Although it is currently uncertain what future guidance will result from the notice, the notice leaves open the possibility that such guidance could have retroactive application. In addition, prospective investors are encouraged to consult their own tax advisors about the potential impact of several proposed legislative changes in the taxation of derivatives contracts, and the likelihood that any of the foregoing may take effect.

#### **Non-United States Holders**

Under U.S. federal income tax law as currently in effect, holders of Notes that are not United States persons will not be subject to U.S. federal income taxes, including withholding taxes, on payments of interest on the Notes so long as the requirements described under “Information Reporting and Backup Withholding” below are satisfied, unless such interest is effectively connected with the conduct by the holder of a trade or business in the United States.

The gain realized on any sale or exchange of the Notes by a holder that is not a United States person will not be subject to U.S. federal income tax, including withholding tax so long as the requirements described under “Information Reporting and Backup Withholding” below are satisfied, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States.

#### **Information Reporting and Backup Withholding**

The Paying Agent will be required to file information returns with the IRS with respect to payments made to certain United States holders of Notes. In addition, certain United States holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the Paying Agent. Persons holding Notes who are not United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding tax.

In order to avoid adverse U.S. federal tax consequences, “foreign financial institutions” will be required, for years beginning after December 31, 2012, to collect information on certain financial accounts held by U.S. persons and submit such information to the IRS. It is likely that the Bank will qualify as a “foreign financial institution” under these rules. It is not yet clear what information the Issuers would be required to provide to the IRS with respect to holders of the Notes. By purchasing the Notes, United States holders agree to provide an IRS form W-9, and whatever other information may be necessary for us to comply with these reporting obligations.

A Paying Agent may be required pursuant to the U.S. Foreign Account Tax Compliance rules (“FATCA”) to withhold U.S. tax on a portion of payments made after December 31, 2012 on certain types of debt issued by the Issuers after March 18, 2012 to an investor who does not provide information sufficient for the Issuers to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuers, or to an investor that is a non-U.S. financial institution that is not in compliance with FATCA, as well as

under certain other circumstances. The application of these rules to interest or other amounts (including gross proceeds) paid on or with respect to the Notes is not clear. If an amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from interest or other payments on the Notes as a result of an investor's failure to comply with these rules, neither the Issuers nor the Guarantor nor any Paying Agent nor any other person would be required to pay additional amounts with respect to any Notes as a result of the deduction or withholding of such tax. Holders should consult their own tax advisors on how these rules may apply to payments they receive under the Notes.

## **French Taxation**

The following is a summary of certain tax considerations that may be relevant to holders of Notes issued by the Bank who (i) are non-French tax residents, (ii) do not hold their Notes in connection with a business or profession conducted in France as a permanent establishment or fixed base situated therein and (iii) do not concurrently hold shares of the Bank. This summary is based on laws, regulations and administrative circulars now in effect, all of which are subject to change, possibly with retroactive effect, or different interpretations. Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, holding and disposing of Notes, including the application to their particular situation of the French tax considerations discussed below.

### *Payments on the Notes issued by the Bank*

The Savings Directive was implemented into French law under Article 242 ter of the French General Tax Code, 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.

### *Notes issued by the Bank as from March 1, 2010*

The Amended Finance Act for 2009 (*loi de finances rectificative pour 2009*) has amended the withholding tax regime applicable to payments to holders in respect of Notes issued by the Bank.

Pursuant to the amended Article 125 A III of the French General Tax Code, payments of interest and other revenues made on Notes issued by the Bank are not subject to withholding tax unless such payments are made outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French General Tax Code (a "Non-Cooperative State"), in which case a 50% withholding tax is applicable subject to exceptions, certain of which being set forth below, and to more favorable provisions of any applicable double tax treaty. The 50% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues will not be deductible from the Bank's taxable income, as from the fiscal years starting on or after January 1, 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other revenues may be recharacterized as constructive dividends pursuant to Articles 109 et seq. of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the same Code, at a rate of 25% or 50%, subject to more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A III of the French General Tax Code, the non-deductibility of the interest and other revenues nor the withholding tax set out under Article 119 bis 2 that may be levied as a result of such non-deductibility, to the extent the relevant interest or revenues relate to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of Notes provided that the Bank can prove that the main purpose and effect of such issue of Notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "Exception").

In addition, under ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated February 22, 2010, an issue of Notes benefits from the Exception without the Bank having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

As a result, payments of interest or other revenues made by the Bank with respect to Notes cleared through a clearing system such as DTC, Euroclear Bank S.A. / N.V. and/or Clearstream Banking will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code. In addition they will not be subject to the non-deductibility described above or to the withholding tax set out under Article 119 bis 2 of the French General Tax Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Interest and other revenues on Notes issued by the Bank not cleared through a clearing system such as DTC, Euroclear Bank S.A. / N.V. and/or Clearstream Banking may be subject to withholding tax when paid outside France to a Non-Cooperative State, as described hereinabove. Such Notes will provide that no additional amounts will be payable in respect of any such withholding.

*Notes issued on or after March 1, 2010 which are consolidated (assimilables for the purpose of French law) with Notes issued before March 1, 2010*

Payments of interest and other revenues with respect to Notes issued by the Bank on or after March 1, 2010 which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued by the Bank before March 1, 2010 that were issued (or deemed issued) outside France as provided under Article 131 quater of the French General Tax Code, will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

In addition, interest and other revenues paid by the Bank on Notes issued on or after March 1, 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued by the Bank before March 1, 2010 will not be subject to the withholding tax set out in Article 119 bis 2 of the French General Tax Code solely on account of their being paid on a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

#### *Taxation on sale, disposal or redemption of Notes*

Non-French resident holders of Notes who do not hold the Notes in connection with a business or profession conducted in France will not be subject to any French income tax or capital gains tax on the sale, disposal or redemption of Notes. Transfers of Notes made outside France will not be subject to any stamp duty or other transfer taxes imposed in France.

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

Under the European Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “Savings Directive”), Member States of the EU are required to provide to the tax authorities of another Member State, inter alia, details of interest payments within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State.

For these purposes, the term “paying agent” is defined widely 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 the beneficial owner.

However, for a transitional period, certain Member States (Luxembourg, Belgium and Austria) will apply a withholding system in relation to interest payments, unless during such period they elect otherwise (which is the case with respect to Belgium). The beneficial owner of the interest payment may, on meeting certain conditions, request that no tax be withheld and elect instead for an exchange of information procedure.

Belgium has opted out of this transitional regime and has implemented the general exchange of information procedure under the Savings Directive with respect to interest payments made by a paying agent located in Belgium to an individual resident or certain limited types of entities established in another Member State as of January 1, 2010.

A number of non-EU countries and dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On November 13, 2008 the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

## PLAN OF DISTRIBUTION

The Notes are being offered from time to time by the Issuers through BNPP Securities or one or more affiliates thereof (the “Lead Dealer”), Barclays Capital Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, (each, a “Dealer” and, collectively with the Lead Dealer and any other dealers for the Notes appointed by the Issuers from time to time, the “Dealers”). The Notes may also be sold to each Dealer at a discount, as principal, for resale to investors or other purchasers at varying prices related to prevailing market prices at the time of resale, to be determined by such Dealer or, if so agreed, at a fixed offering price. Each Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. The Issuers have reserved the right to sell Notes through one or more other dealers in addition to the Dealers and directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No commission will be payable by the Issuers to any of the Dealers on account of sales of Notes made through such other dealers or directly by such Issuer.

In addition, the Dealers may offer the Notes they have purchased as principal to other dealers. The Dealers may sell Notes to any dealer at a discount and, unless otherwise specified in the applicable supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such Dealer from the relevant Issuer. Unless otherwise indicated in the applicable supplement, any Note sold to a Dealer as principal will be purchased by such Dealer at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to any agency sale of a Note of identical maturity, and may be resold by the Dealer to investors and other purchasers as described above. After the initial offering of Notes to be resold to investors and other purchasers, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and discount may be changed.

Pursuant to Rule 15c6-1 under the Exchange Act, trades of securities in the secondary market generally are required to settle in three business days, which we refer to as T+3. The parties to a trade, however, may agree that delivery of the relevant Series of Notes against payment may be made on a date that is later than T+3. In such case, by virtue of the fact that the initial delivery of the Notes will not be made on a T+3 basis, investors who wish to trade the Notes before a final settlement will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. The particular settlement terms of any Series of Notes will be specified in the applicable supplement.

In connection with an offering of Notes purchased by one or more Dealers as principal on a fixed offering price basis, certain persons participating in the offering (including such Dealers) may engage in stabilizing and syndicate covering transactions. If required under applicable law, such transactions will be conducted in accordance with Rule 104 under the Exchange Act. Rule 104 permits stabilizing bids to purchase the underlying security so long as bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing and syndicate covering transactions may cause the price of the Notes to be higher than they would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable supplement 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 Stabilizing Manager(s) (or persons acting on behalf of a Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

The Issuers have been advised by the Lead Dealer that it may make a market in the Notes; however, the Lead Dealer is not obligated to do so and the Issuers cannot provide any assurance that a secondary market for the Notes will develop, or, if one develops, that it will be maintained. After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, BNPP Securities

may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.

The base prospectus, this prospectus supplement and any applicable supplement hereto may be used by affiliates of the Issuers in connection with offers and sales related to secondary market transactions in the Notes. Such affiliates may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing prices at the time of a sale.

Each Dealer may be deemed to be an “underwriter” within the meaning of the Securities Act, and any discounts and commissions received by it and any profit realized by it on resale of the Notes may be deemed to be underwriting discounts and commissions.

Each Dealer will offer or sell the 144A Notes only within the United States to persons it reasonably believes to be “qualified institutional buyers” (within the meaning of Rule 144A) in reliance on Rule 144A.

Each Dealer has agreed that, except as permitted by the Distribution Agreement and set forth under “Notice to Investors” in the base prospectus, it will not offer or sell Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will have sent to each dealer to which it sells such Regulation S Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of an offering of Regulation S Notes, an offer or sales of Regulation S Notes within the United States by a dealer that is not participating in such offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of 144A Notes and Regulation S Notes offered hereby in making its purchase will be deemed to have represented and agreed with the relevant Issuer of the Notes as set forth under “Notice to Investors” in the base prospectus.

### **Conflicts of Interest**

BNPP Securities, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Branch and the Issuers. As a result of this conflict of interest, any offering of the 3(a)(2) Notes will be conducted in accordance with the applicable provisions of FINRA Rule 5121, which imposes certain requirements when a member of FINRA, such as BNPP Securities, distributes an affiliated company’s securities. Client accounts over which BNPP Securities or any affiliate have investment discretion are not permitted to purchase the 3(a)(2) Notes, either directly or indirectly, without the specific written approval of the accountholder.

The Issuers have agreed to indemnify each Dealer against, or to make contributions relating to, certain civil liabilities, including liabilities under the Securities Act.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, 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 the base prospectus and this prospectus supplement as completed by the final terms in relation thereto to the public in that Relevant Member State (the “Securities”) except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (1) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been

completed by the final terms contemplating such non-exempt offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (2) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (3) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (e) above shall require the Issuer or any Dealer 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 to the public” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out below.

#### **Selling Restrictions in France**

- (1) Each of the Dealers and the Issuers has acknowledged that the Notes are being issued outside the French Republic and, accordingly, represents and agrees that:
  - (i) no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the French *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the French *Autorité des marchés financiers*;
  - (ii) no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; the base prospectus, this prospectus supplement and any applicable supplement, or any other offering material, relating to the Notes have not been distributed or caused to be distributed, and will not be distributed or caused to be distributed, to the public in France;
  - (iii) offers, sales and distributions of Notes have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder, except that such qualified investors shall not include individuals; and
  - (iv) the direct or indirect distribution to the public in France of any so acquired Notes may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.



- (2) If the Bank issues Notes that do not constitute “*obligations*” or “*titres de créances négociables*” under French law, or other debt securities considered by the French tax authorities as falling into similar categories, the above selling restrictions will be supplemented to the extent necessary in the relevant supplement.

### **Selling Restrictions in the United Kingdom**

This communication is only be distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

- (1) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the Issuer;
- (2) 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 or the Guarantor; and
- (3) 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.

## DOCUMENTS DEEMED TO BE INCORPORATED BY REFERENCE

No financial statements for the LLC are included herein, and the LLC has not published and will not publish financial statements on an interim basis or otherwise (except for such statements, if any, that the LLC is required by applicable laws to publish), because the LLC will not have any operations independent from the Bank, and the LLC's obligations under the Notes will be guaranteed by the Guarantor. In addition, so long as the LLC is not required by applicable law to publish financial statements, the LLC does not intend to furnish to the Fiscal and Paying Agent or the holders of any Notes financial statements of, or other reports relating to, the LLC. Additionally, the Branch has not and will not publish its own financial statements and is not subject to external audits by independent auditors outside of the Bank's external audits. The LLC's results of operations are reflected in the financial statements of the Bank as a whole and in the consolidated financial statements of the Group incorporated herein by reference.

We are hereby incorporating by reference in this prospectus supplement the Information Statement relating to the Bank and the Group, dated as of June 7, 2011, and any subsequent Information Statements that become available. Such subsequent Information Statements will automatically update information in this prospectus supplement. The latest Information Statement, which includes detailed disclosure regarding the Bank's business, financial condition and results of operation, is available at the Bank's website at the following URL: <http://invest.bnpparibas.com/en/pid741/information-statement.html>. In relation to each issue of Notes, this prospectus supplement and the base prospectus shall be deemed to be supplemented by any applicable supplement as well as by any press releases issued by the Bank from the date hereof through the date of the applicable supplement.

Copies of the Information Statement are available to holders and prospective purchasers of the Notes upon request. In addition, so long as any Notes are outstanding, copies of the English-language version of the Group's most recent Annual Report (translated in full from the underlying French-language document), will be mailed to each person to whom this prospectus supplement and the base prospectus are delivered and to subsequent holders of the Notes, upon written request mailed to BNP Paribas, New York Branch, 787 Seventh Avenue, New York, New York 10019, Attention: ALM. The Group's Annual Report is also available at the Bank's website, <http://www.bnpparibas.com>.

Copies of the Guarantees are available for inspection at the principal office of the Fiscal and Paying Agent.

## AVAILABLE INFORMATION

The Bank publishes on its website, in English, certain information as required by Rule 12g3-2(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is one of the foreign private companies that claims exemption from the registration requirements of Section 12(g) of the Exchange Act. If, at any time, the Bank is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), it will furnish, upon written request of a holder of any Notes or a prospective purchaser designated by such holder, the information required to be delivered pursuant to Rule 144A(d)(4) of the Securities Act.



**BNP PARIBAS**



**BNP PARIBAS**

**Up to U.S.\$30,000,000,000**

**BNP PARIBAS**

**(as Issuer)**

**BNP PARIBAS US MEDIUM-TERM NOTE PROGRAM LLC**

**(as Issuer)**

Notes Guaranteed by

**BNP PARIBAS, NEW YORK BRANCH**

The Notes (as defined below) are being offered from time to time on a continuous basis in one or more series (each, a “Series”) by each of BNP Paribas, a French incorporated company (*société anonyme*) (the “Bank” and, together with its consolidated subsidiaries, the “Group” or “BNP Paribas Group”) and BNP Paribas US Medium-Term Note Program LLC, a Delaware limited liability company (the “LLC” and, together with the Bank, the “Issuers” and each an “Issuer”) and a wholly owned subsidiary of the Bank.

The Notes will be entitled to the benefit of an unconditional senior guarantee (the “Senior Guarantee”) or subordinated guarantee (the “Subordinated Guarantee” and, together with the Senior Guarantee, the “Guarantees”), as the case may be, of the due payment thereof issued by the Bank, acting through its New York Branch (in such capacity, the “Guarantor”).

The specific terms of each Series of Notes will be set forth in a prospectus supplement and/or a pricing supplement (each, a “supplement”) to this base prospectus. The Notes may be offered pursuant to the exemption from registration provided by Section 3(a)(2) (the “3(a)(2) Notes”) of the Securities Act of 1933, as amended (the “Securities Act”), or offered in reliance on the exemption from registration provided by Rule 144A (the “144A Notes”) under the Securities Act (“Rule 144A”) only to qualified institutional buyers (“QIBs”), within the meaning of Rule 144A. In addition, any such 144A Notes may, if specified in the applicable supplement, be offered outside the United States to non-U.S. persons (as such term is defined in Rule 904 under the Securities Act (a “non-U.S. person”)) pursuant to Regulation S (the “Regulation S Notes” and, together with the 3(a)(2) Notes and the 144A Notes, the “Notes”) under the Securities Act (“Regulation S”). You should read this base prospectus and the accompanying supplement carefully before you invest.

*(continued on next page)*

---

**Investing in the Notes involves certain risks.  
See “Risk Factors” beginning on page 8.**

---

**The 3(a)(2) Notes and the Guarantees are not required to be, and have not been, registered under the Securities Act.**

**The Issuers have not been registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the 144A Notes and Regulation S Notes have not been, and will not be, registered under the Securities Act, or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The 144A Notes and Regulation S Notes may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the seller of the 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers and resales, see “Notice to Investors.”**

**Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the Notes or determined that this base prospectus is truthful or complete. Any representation to the contrary is a criminal offense. Under no circumstances shall this base prospectus constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.**

**The Notes constitute unconditional liabilities of the respective Issuers and the Guarantees constitute unconditional obligations of the Guarantor. None of the Notes or the Guarantees is insured by the Federal Deposit Insurance Corporation.**

---

**BNP PARIBAS**

**Banc of America Securities LLC**

**Citi**

**Goldman, Sachs & Co.**

**Lehman Brothers**

**Merrill Lynch & Co.**

**Morgan Stanley**

**Base Prospectus dated May 30, 2008**

*(continued from front cover)*

***Certain persons participating in any offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including stabilizing and syndicate covering transactions. For a description of these activities, see “Plan of Distribution.”***

*The Issuers expect that the Dealers (as defined herein) for any offering will include one or more of their broker-dealer or other affiliates, including BNP Paribas Securities Corp. (“BNPP Securities”). These broker-dealer or other affiliates also expect to offer and sell previously issued Notes as part of their business and may act as a principal or agent in such transactions, although a secondary market for the Notes cannot be assured. The Issuers or any of their broker-dealer or other affiliates may use this base prospectus and any supplement in connection with any of these activities, including for market-making transactions involving the Notes after their initial sale.*

*The price and amount of Notes to be issued under the Program will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.*

*It is not possible to predict whether the Notes will trade in a secondary market or, if they do, whether such market will be liquid or illiquid. BNPP Securities or another Dealer, as applicable, or one or more of its or their affiliates, reserves the right to enter, from time to time and at any time, into agreements with one or more holders of Notes to provide a market for the Notes but neither BNPP Securities, any other Dealer or its or their affiliates are obligated to do so or to make any market for the Notes.*

*After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, BNPP Securities may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.*

*Unless otherwise specified in the accompanying supplement, each Note will be represented initially by a global security (a “Book-Entry Note”) registered in the name of a nominee of The Depository Trust Company (together with any successor, “DTC”). Beneficial interests in Book-Entry Notes represented by a global security will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Book-Entry Notes will not be issuable in definitive form, except under the circumstances described under “Book-Entry Procedures and Settlement.”*

*Notes may be listed on any stock exchange as may be agreed between the relevant Issuer and the relevant Dealers in respect of each issue. The Issuers may also issue unlisted Notes.*

*The contents of this base prospectus should not be construed as investment, legal or tax advice. This base prospectus, as well as the nature of an investment in any Notes, should be reviewed by each prospective investor with such prospective investor’s investment advisor, legal counsel and tax advisor.*

*The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except in a transaction exempt from or not subject to the registration requirements of the Securities Act. Each purchaser of Notes will be deemed to have made certain acknowledgments, representations and agreements relating to such restrictions on transfer and resale as more fully described under the heading “Notice to Investors.”*

*Any reproduction or distribution of this base prospectus, in whole or in part, or any disclosure of its contents or use of any of its information for purposes other than evaluating a purchase of the Notes is prohibited without the express written consent of the Issuers.*

***No dealer, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this base prospectus and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuers, the Guarantor or any underwriter, dealer or agent. This base prospectus does not constitute an offer to sell, or the solicitation of an***

***offer to buy, any of the Notes offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The delivery of this base prospectus at any time does not imply that the information herein is correct as of any time subsequent to its date.***

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under 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 an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer 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, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*This document is an advertisement for the purposes of applicable measures implementing Directive 2003/71/EC (such Directive, together with any applicable implementing measures in the relevant home Member State under such Directive, the “Prospectus Directive”). A prospectus prepared pursuant to the Prospectus Directive will be published which, when published, can be obtained upon written request mailed to BNP Paribas, New York Branch, 787 Seventh Avenue, New York, New York 10019.*

#### ***NOTICE TO NEW HAMPSHIRE RESIDENTS***

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

## TABLE OF CONTENTS

	<b><u>Page</u></b>
Notice to Investors.....	i
Limitations on Enforcement of Civil Liabilities.....	iv
Forward-Looking Statements.....	iv
Exchange Rate and Currency Information.....	iv
Presentation of Financial Information.....	v
Important Currency Information.....	v
Summary.....	1
Risk Factors.....	8
Use of Proceeds and Hedging.....	12
Selected Financial Data.....	13
Capitalization of the Group.....	18
The LLC.....	21
The Bank and the Group.....	21
The Branch.....	21
Supervision and Regulation of the Branch and the Bank in the United States.....	21
Terms and Conditions of the Notes.....	25
Guarantees.....	52
Book-Entry Procedures and Settlement.....	53
Taxation.....	55
ERISA Matters.....	68
Plan of Distribution.....	70
Legal Matters.....	74
Documents Deemed to be Incorporated by Reference.....	74
Available Information.....	74

## NOTICE TO INVESTORS

*Because of the following restrictions on 144A Notes and Regulation S Notes, purchasers are advised to read the accompanying supplement carefully and consult legal counsel prior to making any offer, resale, pledge or other transfer of any 144A Notes or Regulation S Notes.*

The Issuers have not been registered under the Investment Company Act. The 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the 144A Notes are being offered and sold only to QIBs in compliance with Rule 144A and the Regulation S Notes are being offered and sold only outside the United States to non-U.S. person in “offshore transactions” in compliance with Regulation S. The terms “United States,” “non-U.S. person” and “offshore transactions” used in this section have the meanings given to them under Regulation S.

Each holder and beneficial owner of 144A Notes and Regulation S Notes acquired in connection with their initial distribution and each transferee of 144A Notes from any such holder or beneficial owner will be deemed to have represented and agreed with the relevant Issuer of the Notes and the Guarantor as follows, as may be amended or supplemented in the accompanying supplement (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (1) It is purchasing the 144A Notes or Regulation S Notes, as the case may be, for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is: (a) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person making the purchase in compliance with Regulation S.
- (2) It understands and acknowledges that the Issuers have not been registered under the Investment Company Act and that the 144A Notes and the Regulation S Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) In the case of a purchaser of 144A Notes, it shall not resell or otherwise transfer any of the 144A Notes, unless such resale or transfer is made (a) to the Issuer of such 144A Notes, (b) inside the United States to a QIB in compliance with Rule 144A, or (c) outside the United States in offshore transactions in compliance with Regulation S.
- (4) In the case of a purchaser of Regulation S Notes, it acknowledges that until 40 days after the later of the commencement of the offering and the closing of the offering of the Regulation S Notes, any offer or sale of Regulation S Notes within the United States by a broker/dealer (whether or not participating in the offering) not made in compliance with Rule 144A may violate the registration requirements of the Securities Act.
- (5) It will, and each subsequent holder or beneficial owner is required to, notify any subsequent purchaser of 144A Notes or Regulation S Notes from it of the restrictions on transfer of such Notes.
- (6) It acknowledges that neither the relevant Issuer nor the Fiscal and Paying Agent (as defined herein) will be required to accept for registration of transfer any 144A Notes or Regulation S Notes acquired by it, except upon presentation of evidence satisfactory to such Issuer and the Fiscal and Paying Agent that the restrictions on transfer set forth herein have been complied with.
- (7) It acknowledges that the relevant Issuer, the Dealers, the Guarantor and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of the 144A Notes or



Regulation S Notes are no longer accurate, it shall promptly notify such Issuer and the Dealers. If it is acquiring the 144A Notes or Regulation S Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each such account.

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the 144A Notes and Regulation S Notes as well as to registered holders of such Notes.

(9) On each day from the date on which it acquires the 144A Notes or Regulation S Notes through and including the date on which it disposes of its interests in such Notes, either that (a) it is not an “employee benefit plan” as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), subject to Title I of ERISA, a “plan” as defined in section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), to which section 4975 of the Code applies (including individual retirement accounts), an entity whose underlying assets include the assets of any such plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) its purchase, holding and disposition of such Note, will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

The certificates representing the 144A Notes or Regulation S Notes will bear a legend to the following effect, as may be amended in the accompanying supplement or supplements, unless the relevant Issuer determines otherwise in compliance with applicable law:

THE ISSUER OF THE NOTES EVIDENCED HEREBY (THE “NOTES”) HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”), AND SUCH NOTES AND THE GUARANTEE OF SUCH NOTES (THE “GUARANTEE”) BY BNP PARIBAS, ACTING THROUGH ITS NEW YORK BRANCH, HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER, OR AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN ACCORDANCE WITH THE TRANSFER RESTRICTIONS CONTAINED IN THE NOTES AND THE FISCAL AND PAYING AGENCY AGREEMENT UNDER WHICH THIS NOTE WAS ISSUED.

THE ACQUISITION OF THE NOTES BY, OR ON BEHALF OF, OR WITH THE ASSETS OF ANY “EMPLOYEE BENEFIT PLAN” SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OR ANY “PLAN” TO WHICH SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) APPLIES, OR ANY ENTITY PART OR ALL OF THE ASSETS OF WHICH CONSTITUTE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF DEPARTMENT OF LABOR REGULATION SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) OR OTHERWISE, OR ANY GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO NON-U.S., FEDERAL, STATE OR LOCAL LAW SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE IS PROHIBITED UNLESS SUCH PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES WOULD NOT RESULT IN ANY NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR UNDER SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUBSTANTIALLY SIMILAR NON-U.S., FEDERAL, STATE OR LOCAL LAW).

THIS DOCUMENT IS ONLY BEING DISTRIBUTED TO AND IS ONLY DIRECTED AT (i) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM OR (ii) TO INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “ORDER”) OR (iii) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(a) TO (d) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). ANY NOTES WILL ONLY BE AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE SUCH NOTES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS.

TO THE EXTENT THAT THE OFFER OF ANY NOTES IS MADE IN ANY EUROPEAN ECONOMIC AREA MEMBER STATE THAT HAS IMPLEMENTED DIRECTIVE 2003/71/EC (TOGETHER WITH ANY APPLICABLE IMPLEMENTING MEASURES IN ANY MEMBER STATE, THE “PROSPECTUS DIRECTIVE”) BEFORE THE DATE OF PUBLICATION OF A VALID PROSPECTUS IN RELATION TO SUCH NOTES WHICH HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN THAT MEMBER STATE IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE (OR, WHERE APPROPRIATE, PUBLISHED IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT MEMBER STATE IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE), THE OFFER IS ONLY ADDRESSED TO QUALIFIED INVESTORS IN THAT MEMBER STATE WITHIN THE MEANING OF THE PROSPECTUS DIRECTIVE OR HAS BEEN OR WILL BE MADE OTHERWISE IN CIRCUMSTANCES THAT DO NOT REQUIRE THE ISSUER TO PUBLISH A PROSPECTUS PURSUANT TO THE PROSPECTUS DIRECTIVE.

## LIMITATIONS ON ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a *société anonyme* duly organized and existing under the laws of France, and many of its assets are located in France. Many of its subsidiaries, legal representatives and executive officers and certain other parties named herein reside in France, and substantially all of the assets of these persons are located in France. As a result, it may not be possible, or it may be difficult, for a holder or beneficial owner of the Notes located outside of France to effect service of process upon the Bank or such persons in the home country of the holder or beneficial owner or to enforce against such persons judgments obtained in non-French courts, including those judgments predicated upon the civil liability provisions of the U.S. federal or state securities laws.

## FORWARD-LOOKING STATEMENTS

This base prospectus contains forward-looking statements. The Issuers, the Guarantor and the Group may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in their base prospectuses, in press releases and in 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 Issuers', Guarantor'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 Issuers, the Guarantor and the Group undertake no obligation to update publicly any of them in light of new information or future events.

## EXCHANGE RATE AND CURRENCY INFORMATION

In this base prospectus, references to "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.\$" and "U.S. dollars" are to United States dollars. References to "cents" are to United States cents. Certain financial information contained herein and in any documents incorporated by reference herein is presented in euros. On May 27, 2008, the Noon Buying Rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York (the "Noon Buying Rate") was U.S.\$1.5731 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

<u>Month</u> U.S. dollar/Euro	<u>Period</u> <u>End</u>	<u>Average</u> <u>Rate*</u>	<u>High</u>	<u>Low</u>
March 2008	1.58	1.55	1.58	1.52
February 2008	1.52	1.48	1.52	1.45
January 2008	1.48	1.47	1.49	1.46
December 2007	1.46	1.46	1.48	1.44
November 2007	1.47	1.47	1.49	1.44
October 2007	1.45	1.42	1.45	1.41
<u>Year</u> U.S. dollar/Euro				
2007 .....	1.46	1.37	1.49	1.29
2006 .....	1.32	1.26	1.33	1.19
2005 .....	1.18	1.24	1.35	1.17
2004 .....	1.35	1.24	1.36	1.18
2003 .....	1.26	1.13	1.26	1.04

\* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for year average; on each business day of the month (or portion thereof) for monthly average.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or euros, as the case may be, at any particular rate.

### **PRESENTATION OF FINANCIAL INFORMATION**

The LLC is a wholly owned subsidiary of the Bank. The Bank's New York Branch (the "Branch") and the LLC do not separately produce complete financial statements and, therefore, unless otherwise indicated, any reference in this base prospectus to the "Financial Statements" is to the consolidated financial statements, including the notes thereto, of the Bank and its consolidated subsidiaries as at December 31, 2007 and December 31, 2006 and for the years ended December 31, 2007, 2006 and 2005. The Financial Statements include the results of the Bank and those of the Branch. Most of the financial data presented in this base prospectus are presented in euros.

The audited consolidated financial statements as at December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 have been prepared in accordance with IFRS as adopted by the European Union. The Group's fiscal year ends on December 31, and references in this base prospectus to any specific fiscal year are to the twelve-month period ended December 31 of such year.

Due to rounding, the numbers presented throughout this base prospectus may not add up precisely, and percentages may not reflect precisely absolute figures.

### **IMPORTANT CURRENCY INFORMATION**

Purchasers are required to pay for each Note in the currency specified by the Issuer for that Note. If requested by a prospective purchaser of a Note having a specified currency ("Specified Currency") other than U.S. dollars, the Dealers may at their discretion arrange for the exchange of U.S. dollars into the Specified Currency to enable the purchaser to pay for the Note. Each such exchange will be made by a Dealer on the terms, conditions, limitations and charges that the Dealer may from time to time establish in accordance with its regular foreign exchange practice. The purchaser must pay all costs of exchange.

## **SUMMARY**

The following summary does not purport to be complete and is qualified by the remainder of this base prospectus and, in relation to the terms and conditions of any particular Series of Notes, the applicable supplement. Except as provided in “Terms and Conditions of the Notes” below, any of the following including, without limitation, the kinds of Notes that may be issued hereunder, may be varied or supplemented as agreed between the relevant Issuer, the relevant Dealers and the Fiscal and Paying Agent (as defined herein). Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary.

### **The LLC**

The LLC is a Delaware limited liability company formed on October 1, 2002. The LLC is a wholly owned subsidiary of the Bank formed for the purpose of issuing the Notes and making the proceeds of the sale thereof available to the Bank, at its head office or branches, or the Bank’s subsidiaries. The LLC’s principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

### **The Branch**

The Bank operates the Branch pursuant to a license issued by the Superintendent of Banks of the State of New York (the “Superintendent”) in 1978. The Branch conducts an extensive banking business serving U.S. customers and the Bank’s French clients and their U.S. subsidiaries. The Branch’s principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

### **Certain Information Regarding the Bank and the Group**

The BNP Paribas Group is a European leader in banking and financial services, with a significant and growing presence in the United States and Asia. The Bank enjoys key positions in its three core businesses: Retail Banking, Asset Management & Services and Corporate and Investment Banking. At December 31, 2007, the Group had consolidated assets of €1,694.5 billion and shareholders’ equity (Group share including income for the 2007 fiscal year) of €53.8 billion.

We are incorporating by reference in this Base Prospectus an Information Statement relating to the Bank and the Group, dated as of May 29, 2008. See “Documents Deemed to be Incorporated by Reference.”

### **Use of Proceeds**

Unless otherwise indicated in the supplement, the LLC will use the net proceeds it receives from any offering of the Notes to meet its obligations under an amended and restated advance agreement, dated May 30, 2008 (the “Advance Agreement”), between the LLC and the Bank’s head office. Unless otherwise indicated in the supplement, the Bank’s head office or any of its branches or subsidiaries will use the net proceeds it receives from any offering of the Notes for general corporate purposes (except that such net proceeds will not be remitted, directly or indirectly, to the Branch or any of the Bank’s other U.S. branches and agencies). The Bank or one or more of its affiliates may use a portion of the proceeds from the sale of credit-, equity-, index-, fund-of-funds- and fund-linked Notes to hedge its exposure, including transactions with affiliated counter-parties, to payments that it may have to make on such credit-, equity-, index-, fund-of-funds- and fund-linked Notes as described in the applicable supplement.

## Terms of the Notes

Issuers .....	BNP Paribas US Medium-Term Note Program LLC and BNP Paribas.
Guarantor .....	The Bank, acting through its New York Branch.
Offered Amount.....	The Issuers may use this base prospectus to offer up to an aggregate principal amount outstanding at any one time of U.S.\$30,000,000,000 of Notes, or its equivalent in other currencies, less the aggregate principal amount of any medium-term notes then outstanding issued by the Bank and the LLC under this program.
Maturities.....	Any maturity in excess of one day, except in the case of Subordinated Notes (as defined herein) for which the minimum maturity will be five years, or in any case such other minimum maturity as may be required from time to time by the relevant regulatory authority. No maximum maturity is contemplated, and Notes may be issued with no specified maturity dates; provided, however, that Notes will be issued only in compliance with all applicable legal and regulatory requirements.
Issue Price.....	Notes may be issued at par or at a discount from, or premium over, par and either on a fully paid or partly paid basis.
Denominations.....	Notes will be issued in such denominations as may be specified in the applicable supplement, subject to compliance with all legal and regulatory requirements applicable to the relevant Specified Currency.
Currencies.....	Notes may be denominated in any currency or currencies agreed upon between the relevant Issuer and the relevant Dealers, subject to compliance with all applicable legal and regulatory restrictions. Payments in respect of an issue of Notes may, subject to applicable legal and regulatory compliance, be made in and linked to any currency or currencies.
Redenomination.....	Notes may be redenominated in euro as set forth in the applicable supplement.
Form of Notes.....	Unless otherwise specified in the accompanying supplement, Notes will be issued in the form of one or more fully registered global securities, without coupons, registered in the name of a nominee of DTC and deposited with a custodian for DTC. You may hold a beneficial interest in Notes through Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), Clearstream Banking, <i>société anonyme</i> (“Clearstream, Luxembourg”), or DTC directly as a participant in one of those systems or indirectly through financial institutions that are participants in any of those systems.  Owners of beneficial interests in Notes generally will not be entitled to have their Notes registered in their names, will not be entitled to receive certificates in their names evidencing their Notes and will not be considered the holder of any Notes under the Fiscal and Paying Agency Agreement (as defined herein) for

the Notes.

Notes to be issued pursuant to this base prospectus will be either unsubordinated notes or subordinated notes, as described below.

Status of the Unsubordinated Notes..... Unsubordinated notes (“Unsubordinated Notes”) will constitute direct, unconditional and unsecured obligations of the relevant Issuer and will rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of such Issuer, other than statutorily preferred exceptions.

Status of the Subordinated Notes..... Subordinated notes (“Subordinated Notes”) will constitute direct, unconditional, unsecured and subordinated obligations of the relevant Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated indebtedness of such Issuer. Subject to applicable law, in the event of the voluntary liquidation of such Issuer, bankruptcy proceeding, or any other similar proceedings affecting such Issuer, the rights of the Noteholders (as defined below) will be subordinated to the full payment of the unsubordinated creditors (including, in the case of the Bank, depositors) of such Issuer but, subject to such payment in full, a holder of Subordinated Notes issued by the Bank will be paid in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) (as defined herein) issued by the Bank.

Guarantees ..... The obligations of the Issuers under the Unsubordinated Notes will be guaranteed on a senior basis by the Guarantor pursuant to a Senior Guarantee. The Guarantor’s obligations under the Senior Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future unsecured, unconditional and unsubordinated obligations of the Bank, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

The obligations of the Issuers under the Subordinated Notes will be guaranteed on a subordinated basis by the Guarantor pursuant to a Subordinated Guarantee. The Guarantor’s obligations under the Subordinated Guarantee constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unconditional, unsecured and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding or any other similar proceedings affecting the Bank, the rights of a holder of any Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Subordinated Notes will be paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*)

issued by the Bank.

Neither the Fiscal and Paying Agency Agreement nor the Subordinated Guarantee limits the amount of liabilities ranking *pari passu* with or senior to the obligations under the Subordinated Guarantee that may be incurred or assumed by the Guarantor.

Fixed-Rate Notes .....

Fixed-rate notes (“Fixed-Rate Notes”) will bear interest at the rate set forth in the applicable supplement. Fixed-rate interest will be payable on the dates specified in the applicable supplement and on redemption.

Interest will be calculated on the basis of the Day Count Fraction (as defined herein) agreed to between the relevant Issuer and the relevant Dealers and specified in the applicable supplement.

Floating-Rate Notes .....

Floating-rate notes (“Floating-Rate Notes”) will bear interest at a rate calculated:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement in the form of either (a) an agreement incorporating the “2006 ISDA Definitions,” as published by the International Swaps and Derivatives Association Inc. and as amended and updated as at the issue date of the first Series of the relevant Notes, or (b) the “Master Agreement” relating to foreign exchange and derivative transactions published by the *Association Française des Banques* and evidenced by a Confirmation; or
- (ii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service; or
- (iii) on any other basis agreed to in writing between the relevant Issuer and the relevant Dealers and set forth in the applicable supplement.

Floating-Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

The margin, if any, in respect of the floating interest rate will be agreed to between the relevant Issuer and the relevant Dealers.

Interest on Floating-Rate Notes will be payable and will be calculated as specified, prior to issue, in the applicable supplement. Interest will be calculated on the basis of the Day Count Fraction agreed to between the relevant Issuer and the relevant Dealers and set forth in the applicable supplement.

Dual Currency Notes .....

Payments, whether in respect of principal or interest and whether at maturity or otherwise, in respect of dual currency notes (“Dual Currency Notes”) will be made in such currencies and based upon such rates of exchange agreed to between the relevant Issuer and the relevant Dealers and set forth in the applicable supplement.



Linked Notes .....	Payments, whether in respect of principal or interest and whether at maturity or otherwise, in respect of linked notes (“Linked Notes”) will be calculated by reference to the index and/or formula agreed to between the relevant Issuer and the relevant Dealers and set forth in the applicable supplement.
Physical Delivery Notes .....	<p>Payments, whether in respect of principal or interest and whether at maturity or otherwise, in respect of physical delivery notes (“Physical Delivery Notes”) and any delivery of any underlying assets (“Underlying Assets”) in respect of Physical Delivery Notes will be made in accordance with the terms of the applicable supplement.</p> <p>In the case of Physical Delivery Notes and Linked Notes, the applicable supplement will, where applicable, contain provisions relating to adjustments with respect to Underlying Assets, any underlying index or indices, settlement disruption and market disruption, including, without limitation and where necessary, appropriate definitions of “Potential Adjustment Events,” “Settlement Disruption Event” and “Market Disruption Event” and details of the consequences of these events.</p>
Zero Coupon Notes.....	Zero coupon notes (“Zero Coupon Notes”) will not bear interest other than in relation to interest due after the maturity date.
Other Notes.....	Terms applicable to any other kinds of Note that the relevant Issuer and any Dealers may agree from time to time to issue will be set forth in the applicable supplement.
Redemption and Purchase .....	<p>The applicable supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity, other than in specified installments, if applicable, or for taxation reasons or following an Event of Default (as defined herein), or that such Notes will be redeemable at the option of the relevant Issuer and/or the holders of the Notes upon giving notice to the holders of the Notes or to such Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms, if any, agreed to between such Issuer and the relevant Dealers and set forth in the applicable supplement.</p> <p>Other than for taxation reasons, as set forth herein or any applicable supplement, or following an Event of Default, no part of any Subordinated Notes may be redeemed prior to five years, or in any case, such other minimum period as may be required from time to time by the relevant regulatory authority, from the relevant issue date, and no part of any Notes denominated in any other Specified Currency may be redeemed prior to such other minimum time as may be required by the relevant regulatory authority.</p>
Negative Pledge.....	The terms of Unsubordinated Notes will contain a negative pledge provision as described under Condition 2(c) in “Terms and Conditions of the Notes.”

Rating .....	<p>Moody’s Investors Services Ltd has given the following ratings to the program: “Aa1” for senior long-term issues, “Aa2” for subordinated long-term issues and junior/undated subordinated long-term issues and “P-1” for short-term issues. Standard &amp; Poor’s has given the following ratings to the program: “AA/A-1+” for unsubordinated notes, “AA-” for dated subordinated notes and “A+” for undated subordinated notes. Fitch Ratings has given the following ratings to the program: “F1+” for short-term unsubordinated notes, “AA” for long-term unsubordinated notes and “AA-” for dated or undated ordinary subordinated notes.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Neither the rating agency nor the relevant Issuer is obligated to provide you with any notice of any suspension, change or withdrawal of any rating.</p>
Listing .....	Notes may be listed or quoted on any stock exchange subject to the requirements of the relevant stock exchange or automated quotation systems or other authority. Unlisted Notes may also be issued. The supplement for each issue of Notes will state whether, and on what stock exchanges, if any, the relevant Notes will be listed.
Governing Law .....	The Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, except that Condition 2(b) – Status (Subordinated Notes) – of the Notes and paragraph 2 of each of the Senior Guarantee and the Subordinated Guarantee will be governed by French law.
Legal and Regulatory Requirements.....	Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will be issued only in circumstances that comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.
Distribution.....	<p>The Issuers may sell Notes (i) to or through underwriters or dealers, whether affiliated or unaffiliated, (ii) directly to one or more purchasers, (iii) through the Dealers, or (iv) through a combination of any of these methods of sale.</p> <p>Each supplement will explain the ways in which the relevant Issuer intends to sell a specific issue of Notes, including the names of any underwriters, agents or dealers and details of the pricing of the issue of Notes, as well as any commissions, concessions or discounts such Issuer is granting the underwriters, agents or dealers, and whether they will be offered pursuant to Section 3(a)(2) of the Securities Act, in reliance on Rule 144A and, if in reliance on Rule 144A, whether they will also be offered pursuant to Regulation S.</p>
Fiscal and Paying Agent.....	The Bank of New York, a New York banking corporation.
Calculation Agent.....	As specified in the applicable supplement.

No Registration; Transfer Restrictions ..... The 3(a)(2) Notes and the Guarantees have not been, and are not required to be, registered under the Securities Act. The Issuers have not registered, and will not register, the 144A Notes or the Regulation S Notes under the Securities Act or any state securities laws. Accordingly, the Notes may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws. See “Notice to Investors.”

The applicable supplement may contain additional restrictions on transfer required by any applicable securities laws.

## RISK FACTORS

*The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Notes issued under this base prospectus. The factors that will be of relevance to the Notes will depend upon a number of interrelated matters including, but not limited to, the nature of the issue of Notes. Prospective purchasers should carefully consider the following discussion of risks, any risk factors included in the Information Statement, which is incorporated by reference herein, and any risk factors in any applicable supplement before deciding whether to invest in the Notes. However, these risk factors do not disclose all possible risks associated with an investment in the Notes, and additional risks may arise after the date of the offering.*

No investment should be made in the Notes until after careful consideration of all those factors that are relevant in relation to the Notes.

### **Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You**

An investment in foreign currency Notes, which are Notes denominated in a Specified Currency other than U.S. dollars, entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between U.S. dollars and the Specified Currency;
- the possibility of significant changes in rates of exchange between U.S. dollars and the Specified Currency resulting from the official redenomination or revaluation of the Specified Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments.

These risks generally depend on factors over which the Issuers have no control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between U.S. dollars and some foreign currencies in which the Notes may be denominated, and between these foreign currencies and other foreign currencies, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuations that may occur in the rate during the term of any foreign currency note. Depreciation of the Specified Currency of a foreign currency Note against U.S. dollars would result in a decrease in the effective yield of such foreign currency Note below its coupon rate and could result in a substantial loss to the investor on a U.S. dollar basis.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency other than U.S. dollars at the time of payment of principal, any premium or interest on a foreign currency note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium or interest denominated in any such Specified Currency.

Even if there are no actual exchange controls, it is possible that a Specified Currency would not be available to the relevant Issuer when payments on a foreign currency Note are due because of circumstances beyond the control of such Issuer. In this event, such Issuer will make required payments in U.S. dollars on the basis described in this base prospectus, or as otherwise provided in the applicable supplement. You should consult your own financial and legal advisors as to the risks of an investment in Notes denominated in a currency other than U.S. dollars. See “—The Unavailability of Currencies Could Result in a Substantial Loss to You.”

The information set forth in this base prospectus is directed to prospective purchasers of Notes who are United States residents, except where otherwise expressly noted. The Issuers and the Guarantor disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest on, Notes. Such persons should consult their advisors with regard to these matters. One or more supplements relating to Notes having a Specified Currency other than U.S. dollars will contain a description of any material exchange controls affecting that currency and any other required information concerning the currency.

### **The Unavailability of Currencies Could Result in a Substantial Loss to You**

Except as set forth below, if payment on a Note is required to be made in a Specified Currency other than U.S. dollars and that currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the relevant Issuer's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community,

then all payments on that Note shall be made in U.S. dollars until the Specified Currency is again available or so used. The amounts so payable on any date in the Specified Currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the currency or as otherwise indicated in the applicable supplement. Any payment on a Note made under these circumstances in U.S. dollars will not constitute an event of default under the Fiscal and Paying Agency Agreement under which the Note was issued.

If the Specified Currency of a Note is officially redenominated, such as by an official redenomination of any Specified Currency that is a composite currency, then the payment obligations of the relevant Issuer on the Note will be the amount of such redenominated currency that represents the amount of such Issuer's obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Specified Currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on Notes made in a currency other than U.S. dollars will be made from an account at a bank located outside the United States, unless otherwise specified in the applicable supplement.

### **Judgments in a Foreign Currency Could Result in a Substantial Loss to You**

The Notes will be governed by, and construed in accordance with, the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar. A 1987 amendment to the Judiciary Law of New York State provides, however, that an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. Any judgment awarded in such an action will be converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree.

### **Changes in the Value of Underlying Assets of Linked Notes Could Result in a Substantial Loss to You**

An investment in Linked Notes may have significant risks that are not associated with a similar investment in a debt instrument that:

- has a fixed principal amount;
- is denominated in U.S. dollars; and
- bears interest at either a fixed- or floating-rate based on nationally published interest rate references.

The risks of a particular Linked Note will depend on the terms of that Linked Note. These risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the Underlying Assets;
- another objective price; and
- economic or other measures making up the relevant index.

Underlying Assets could include:

- securities;
- currencies;
- intangibles;
- goods; and
- commodities.

The risks associated with a particular Linked Note generally depend on factors over which the relevant Issuer has no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the Underlying Assets.

In recent years, currency exchange rates and prices for various Underlying Assets have been highly volatile. Such volatility may be expected in the future. Fluctuations in rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Linked Note.

In considering whether to purchase Linked Notes, you should be aware that the calculation of amounts payable on Linked Notes may involve reference to:

- an index determined by the Bank or another affiliate of the Bank; or
- prices that are published solely by third parties or entities which are not regulated by the laws of the United States.

The risk of loss as a result of linking of principal or interest payments on Linked Notes to an index and to the Underlying Assets can be substantial. You should consult your own financial and legal advisors as to the risks of an investment in Linked Notes.

### **Payments of Interest Relating to Undated Subordinated Notes May Be Deferred**

In the case of the Undated Subordinated Notes (as defined herein), the Issuers may, under certain circumstances, defer payment of interest. Any deferred interest will accrue additional interest at the same rate as the underlying Undated Subordinated Notes or as specified in the applicable pricing supplement. See “Terms and Conditions of the Notes—Status of the Notes and Negative Pledge” and “Terms and Conditions of the Notes—Interest—Deferral of Interest—Undated Subordinated Notes.”

### **The Notes and the Guarantees Are Not Registered Securities**

The Notes and the Guarantees are not registered under the Securities Act or under any state securities laws. The 3(a)(2) Notes are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act. The 144A Notes are being offered in reliance on the exemption from registration provided by Rule 144A. In addition, Regulation S Notes may be offered outside the United States to non-U.S. persons pursuant to

Regulation S. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantees, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this base prospectus or any applicable supplement.

### **Effect of Credit Rating Reduction**

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the relevant Issuer and, if applicable, the Guarantor. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of BNP Paribas by standard statistical rating services, such as Moody's Investors Service Limited ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") and Fitch Ratings Ltd. ("Fitch"). A reduction in the rating, if any, accorded to outstanding debt securities of BNP Paribas by one of these rating agencies could result in a reduction in the trading value of the Notes.

## USE OF PROCEEDS AND HEDGING

The Issuer will use the net proceeds it receives from the sale of the Notes for general corporate purposes or as otherwise specified in the applicable prospectus supplement.

The Issuer or one or more of its affiliates may enter into swap agreements or other derivative or similar transactions with BNPP Securities and/or one or more of its affiliates in connection with the sale of the Notes. BNPP Securities and/or one or more of its affiliates may earn income as a result of payments pursuant to the swap agreements or other derivative or similar transactions entered into with the Issuer or one or more of its affiliates, or related hedge transactions.

In the case of Linked Notes, BNPP Securities expects that it or one or more of its affiliates, in connection with hedging its obligations under swap agreements or other derivative or similar transactions entered into with the Issuer or one or more of its affiliates, will purchase, sell, maintain or continually adjust positions in the underlying index or indices (“Underlying Index”) or any individual components included in such index or indices. BNPP Securities or one or more of its affiliates may also purchase, sell, maintain or continually adjust positions in options, futures, forwards, swaps or other derivative or similar instruments relating to the Underlying Index or any individual components included in the Underlying Index. These hedging transactions may be entered into, adjusted and terminated from time to time. These hedging transactions may involve counterparties that are affiliated with BNPP Securities. BNPP Securities expects that it or one or more of its affiliates will increase or decrease any hedging position over time using techniques that help evaluate the size of any hedge based upon a variety of factors affecting the level of the Underlying Index. These factors may include the history of changes in the level of the Underlying Index and the time remaining to maturity. These additional hedging activities may occur from time to time before the Notes mature and will depend on market conditions, the level of the Underlying Index and any individual components included in the Underlying Index.

If BNPP Securities or one or more of its affiliates has hedge positions in the Underlying Index or any individual components included in the Underlying Index, or in options, futures, forwards, swaps or other derivative or similar instruments related to the Underlying Index or any individual components included in the Underlying Index, BNPP Securities or one or more of its affiliates may liquidate all or a portion of these positions at or about the time of the maturity of the applicable Notes. The aggregate amount and type of such positions are likely to vary over time depending on future market conditions and other factors.

The Issuer cannot guarantee that BNPP Securities or its affiliates’ hedging activities will not affect the prices of such options, futures, forwards, swaps, options on the foregoing, other derivative or similar instruments, the level of the Underlying Index or any individual components included in the Underlying Index.

In addition, BNPP Securities or one or more of its affiliates may purchase or otherwise acquire a long or short position in any series of Notes from time to time and may, in its sole discretion, hold or resell such Notes. BNPP Securities or one or more of its affiliates may also take hedging positions in other types of appropriate financial instruments that may become available in the future.



## SELECTED FINANCIAL DATA

The following tables present selected financial data concerning the Group (i) as of December 31, 2007, December 31, 2006, December 31, 2005 and January 1, 2005 and for the years ended December 31, 2007, December 31, 2006, December 31, 2005 and December 31, 2004, and (ii) as of and for the year ended December 31, 2003.

The selected financial data for the Group as of December 31, 2007, December 31, 2006 and December 31, 2005 and for the years ended December 31, 2007, December 31, 2006 and December 31, 2005 have been derived from, and should be read in conjunction with, the audited consolidated financial statements of the Group as of December 31, 2007 and for the year ended December 31, 2007 and as of December 31, 2006 and for the year ended December 31, 2006 included herein.

The audited consolidated financial statements of the Group as of and for the years ended December 31, 2007, 2006 and 2005 and the financial statements from which they are derived have been prepared in accordance with IFRS as adopted by the European Union. For a discussion of the Group's transition to IFRS, investors should refer to the audited consolidated financial statements as of December 31, 2005 and for the year ended December 31, 2005. As discussed therein, there are material differences between IFRS applicable in 2004 ("2004 IFRS") and IFRS applicable in 2005 ("EU-IFRS"). Given that the principles for recognition, classification and measurement of financial instruments under EU-IFRS vary significantly from the principles that applied under 2004 IFRS, the effects on the balance sheets of banks are particularly substantial. As a result, the Group decided to disclose not only the effects on the balance sheet at December 31, 2004 of the transition from French GAAP to 2004 IFRS, but also the effects of the transition from 2004 IFRS to EU-IFRS. This has been done by preparing a balance sheet at January 1, 2005 under EU-IFRS. Consequently, this balance sheet and the notes thereto serve as the basis for the comparisons throughout this information statement with the balance sheet as at December 31, 2005.

The selected financial data for the Group as of and for the year ended December 31, 2003 and the financial statements from which they are derived have been prepared in accordance with French GAAP.

BNP Paribas Group Consolidated Income Statement (IFRS)	Year ended December 31,			
	2007	2006	2005*	2004*
	(in millions of euros)			
Net interest income <sup>(1)</sup> .....	9,708	9,124	7,733	7,554
Net commission income <sup>(1)</sup> .....	6,322	6,104	4,547	4,373
Net gain on financial instruments at fair value through profit or loss <sup>(2)</sup> .....	7,843	7,573	5,212	3,366
Net gain on available-for-sale financial assets <sup>(3)</sup> .....	2,507	1,367	1,353	1,450
Net income from other activities.....	4,657	3,775	3,009	2,626
<b>Net banking income</b> .....	<b>31,037</b>	<b>27,943</b>	<b>21,854</b>	<b>19,369</b>
Operating expense and depreciation.....	(18,764)	(17,065)	(13,369)	(12,043)
<b>Gross operating income</b> .....	<b>12,273</b>	<b>10,878</b>	<b>8,485</b>	<b>7,326</b>
Cost of risk.....	(1,725)	(783)	(610)	(685)
<b>Operating income</b> .....	<b>10,548</b>	<b>10,095</b>	<b>7,875</b>	<b>6,641</b>
Share of earnings of associates.....	358	293	352	407
Net gain on non-current assets.....	153	195	211	64
Change in value of goodwill.....	(1)	(13)	(14)	7
Income taxes.....	(2,747)	(2,762)	(2,138)	(1,764)
Minority interests.....	(489)	(500)	(434)	(416)
<b>Net income attributable to the BNP Paribas Group</b> .....	<b>7,822</b>	<b>7,308</b>	<b>5,852</b>	<b>4,939</b>

\* There are material differences between IFRS applicable in 2004 ("2004 IFRS") and IFRS applicable in 2005 ("EU-IFRS"), only some of which are noted here.

(1) Under EU-IFRS, some commission income is treated as an additional component of interest and hence as an integral part of the effective interest rate in accordance with IAS 39. Consequently, this income is recorded in "Net interest income". Under 2004 IFRS, the corresponding income was included in "Net commission income", as IAS 39 was not applicable in 2004.

(2) Under 2004 IFRS, "Financial instruments at fair value through profit or loss" consists solely of trading account financial instruments. Under EU-IFRS, this item also includes financial instruments designated as fair value through profit or loss under the fair value option.

(3) Under 2004 IFRS, "Available-for-sale financial assets" comprises the assets classified under French GAAP as securities available for sale, investments in non-consolidated undertakings, other participating interests and equity securities held for long-term investment.

<b>BNP Paribas Group Consolidated</b>	<b>Year ended December</b>
<b>Income Statement (French GAAP)</b>	<b>31,</b>
	<b>2003</b>
	<b>(in millions of euros)</b>
Net interest and assimilated income.....	6,794
Net gains on financial operations.....	4,597
Net commissions <sup>(1)</sup> .....	5,951
Other net income.....	593
<b>Net banking income</b> .....	<b>17,935</b>
Operating expense and depreciation.....	(11,285)
<b>Gross operating income</b> .....	<b>6,650</b>
Net additions to provisions for credit risks and country risks.....	(1,361)
<b>Operating income</b> .....	<b>5,289</b>
Gains on disposal of long-term investments, net of provisions.....	912
Share of earnings of companies carried under the equity method.....	131
Other income and expenses.....	(746)
Income taxes.....	(1,481)
Minority interests.....	(344)
<b>Net income attributable to the BNP Paribas Group</b> .....	<b>3,761</b>

(1) Includes insurance activities.

<b>BNP Paribas Group Consolidated Balance Sheet (IFRS)</b>	<b>At December 31, 2007</b>	<b>At December 31, 2006</b>	<b>At December 31, 2005</b>	<b>At January 1, 2005</b>
			(in millions of euros)	
<i>Assets</i>				
Cash and amounts due from central banks and post office banks	18,542	9,642	7,115	6,888
Financial assets at fair value through profit or loss .....	931,706	744,858	700,525	539,510
Derivatives used for hedging purposes .....	2,154	2,803	3,087	2,581
Available-for-sale financial assets .....	112,594	96,739	92,706	75,778
Loans and receivables due from credit institutions .....	71,116	75,170	45,009	40,983
Loans and receivables due from customers .....	445,103	393,133	301,196	244,228
Remeasurement adjustment on interest-rate risk hedged portfolios .....	(264)	(295)	(61)	-
Held-to-maturity financial assets .....	14,808	15,149	15,445	26,130
Current and deferred tax assets .....	2,965	3,443	2,135	2,140
Accrued income and other assets .....	60,608	66,915	65,327	41,332
Investments in associates .....	3,333	2,772	1,823	2,720
Investment property .....	6,693	5,813	5,255	4,551
Property, plant and equipment .....	13,165	12,470	9,213	8,159
Intangible assets .....	1,687	1,569	1,225	1,175
Goodwill .....	10,244	10,162	8,079	6,328
<b>Total Assets</b> .....	<b>1,694,454</b>	<b>1,440,343</b>	<b>1,258,079</b>	<b>1,002,503</b>
<i>Liabilities and Shareholders' Equity</i>				
Due to central banks and post office banks .....	1,724	939	742	256
Financial liabilities at fair value through profit or loss .....	796,125	653,328	610,681	457,126
Derivatives used for hedging purposes .....	1,261	1,335	1,015	450
Due to credit institutions .....	170,182	143,650	118,893	100,188
Due to customers .....	346,704	298,652	247,494	211,487
Debt securities .....	141,056	121,559	84,629	77,597
Remeasurement adjustment on interest-rate risk hedged portfolios .....	20	367	901	1,022
Current and deferred tax liabilities .....	2,475	2,306	2,206	1,653
Accrued expenses and other liabilities .....	58,815	53,661	48,446	34,056
Technical reserves of insurance companies .....	93,320	87,044	76,523	64,518
Provisions for contingencies and charges .....	4,738	4,718	3,850	3,983
Subordinated debt .....	18,641	17,960	16,706	13,042
Minority interests in consolidated subsidiaries .....	5,594	5,312	5,275	4,814
Shareholders' equity (group share) .....	53,799	49,512	40,718	32,311
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>1,694,454</b>	<b>1,440,343</b>	<b>1,258,079</b>	<b>1,002,503</b>

**BNP Paribas Group Consolidated  
Balance Sheet (French GAAP)**

**At December 31,  
2003**

(in millions of euros)

<i>Assets</i>	
Interbank and money market items .....	274,908
Customer items .....	221,973
Securities and insurance company investments .....	169,786
Long term investments .....	8,403
Tangible and intangible assets .....	9,008
Accrued income and other assets .....	93,420
Goodwill .....	5,578
<b>Total Assets</b> .....	<b>783,076</b>
<i>Liabilities and Shareholders' Equity</i>	
Interbank and money market items .....	191,254
Customer items .....	210,621
Bonds and negotiable debt instruments .....	83,101
Other accounts <sup>(1)</sup> .....	250,691
Subordinated debt .....	13,226
Reserve for general banking risks .....	843
Minority interests in consolidated subsidiaries .....	5,019
Shareholders' equity (group share) .....	28,321
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>783,076</b>

(1) Includes technical reserves of insurance companies, accrued expenses and other liabilities (including premiums received on written options) and provisions for risks and charges.

**BNP Paribas Group Capital Ratios  
(IFRS)**

**At December 31,**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total ratio .....	10.0%	10.5%	11.0%	10.3%
Tier 1 ratio .....	7.3%	7.4%	7.6%	8.1%
Risk-weighted assets (in € billions) .....	540	463	378	324

## CAPITALIZATION OF THE GROUP

Except as set forth in this section, there has been no material change in the capitalization of the Group since March 31, 2008.

The following table sets forth the consolidated capitalization of the Group as of March 31, 2008 and December 31, 2007.

<i>(in millions of euros)</i>	<b>As of March 31, 2008</b> <i>(unaudited)</i>	<b>As of December 31, 2007</b>
<b>Medium- and Long-Term Debt of which the unexpired term to maturity is more than one year<sup>(1)</sup></b>		
Debt securities at fair value through profit or loss	54,027	52,064
Other debt securities	36,870	36,649
Subordinated debt	15,453	16,003
<b>Total Medium- and Long-Term Debt</b>	<b><u>106,350</u></b>	<b><u>104,716</u></b>
<b>Shareholders' Equity and Equivalents</b>		
Issued capital <sup>(2)</sup>	1,812	1,811
Additional paid-in capital	11,678	11,661
Preferred shares and equivalent instruments <sup>(3)</sup>	6,733	6,743
Retained earnings <sup>(4)</sup>	30,983	27,296
Unrealized or deferred gains and losses attributable to shareholders	851	3,272
Undated participating subordinated notes <sup>(5)</sup>	274	274
Undated subordinated FRNs <sup>(6)</sup>	843	889
<b>Total Shareholders' Equity and Equivalents</b>	<b><u>53,174</u></b>	<b><u>51,946</u></b>
Minority interests <sup>(7)</sup>	5,380	5,189
<b>Total Capitalization</b>	<b><u>164,904</u></b>	<b><u>161,851</u></b>

Notes:

- (1) Medium- and long-term debt does not include the following items: interbank items and customer term deposits. All medium- and long-term senior debt of the Bank ranks equally with deposits. The subordinated debt of the Bank is subordinated to all other debt with the exception of undated participating subordinated notes (*titres participatifs*).

BNP Paribas and its subsidiaries issue medium- to long-term debt on a continuous basis, particularly through private placements in France and abroad.

Euro against foreign currency – as of April 30, 2008: CAD = 1.571205; GBP = 0.786091; CHF = 1.617120; HKD = 12.192621; JPY = 162.564628; USD = 1.5644.

- (2) The number of shares outstanding has increased since December 31, 2007. BNP Paribas' share capital was modified on January 28, 2008: it stands at €1,811,390,890 divided into 905,695,445 common shares with a par value of €2 per share, all fully paid.
- (3) In June 2005, the Bank issued \$1,350 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.186% per annum for a period of ten years. Thereafter, the Bank may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to 3-month USD LIBOR plus a margin equal to 1.68% per annum.

In October 2005, the Bank issued \$400 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.25% per annum. As from October 17, 2011, the Bank may redeem the notes at par on each interest payment date.

In October 2005, the Bank issued €1 billion of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.875% per annum. As from October 17, 2011, the Bank may redeem the notes at par on each interest payment date.

In April 2006, the Bank issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.73% per annum from and including April 12, 2006 to but excluding April 12, 2016, payable annually in arrears on a non-cumulative basis on April 12 of each year, commencing on April 12, 2007, and thereafter at a floating rate equal to 3-month Euro Zone Inter-Bank Offered Rate (“EURIBOR”) plus a margin equal to 1.69% per annum, payable quarterly in arrears on January 12, April 12, July 12 and October 12 of each year commencing on July 12, 2016. As from April 12, 2016, the Bank may redeem the notes at par on each interest payment date.

In April 2006, the Bank issued £450 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.945% per annum from and including April 19, 2006 to but excluding April 19, 2016, payable annually in arrears on a non-cumulative basis on April 19 of each year, commencing on April 19, 2007, and thereafter at a floating rate equal to 3-month GBP LIBOR plus a margin equal to 1.13% per annum, payable quarterly in arrears on January 19, April 19, July 19 and October 19 of each year commencing on July 19, 2016. As from July 19, 2016, the Bank may redeem the notes at par on each interest payment date.

In July 2006, the Bank issued €150 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.45% per annum from and including July 13, 2006 to but excluding July 13, 2026, payable annually in arrears on a non-cumulative basis on July 13, 2007, and thereafter at a floating rate equal to 3-month EURIBOR plus a margin equal to 1.92% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2026.

Also in July 2006, the Bank issued £325 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.954% per annum from and including July 13, 2006 to but excluding July 13, 2016, payable annually in arrears on a non-cumulative basis on July 13 of each year, commencing on July 13, 2007, and thereafter at a floating rate equal to 3-month GBP LIBOR plus a margin equal to 1.81% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2016.

In April 2007, the Bank issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.019% per annum from and including April 13, 2007 to but excluding April 13, 2017, payable annually in arrears on a non-cumulative basis on April 13 of each year, commencing on April 13, 2008, and thereafter at a floating rate equal to 3-month EURIBOR plus a margin equal to 1.72% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on July 13, 2017.

In June 2007, BNP Paribas SA issued \$600 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.500% per annum for a period of five years. As from June 2012, BNP Paribas SA may redeem the notes at par on each interest payment date.

In June 2007, BNP Paribas SA issued \$1,100 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.195% per annum for a period of thirty years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to 3-month USD Libor plus a margin equal to 1.29% per annum.

In October 2007, BNP Paribas SA issued GBP200 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.436% per annum for a period of ten years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to 3-month GBP Libor plus a margin equal to 1.85% per annum.

- (4) After estimated distribution and deduction at cost of 25,211,909 BNP Paribas shares held by BNP Paribas as at December 31, 2006 and 8,972,652 BNP Paribas shares held by BNP Paribas as at December 31, 2007.
- (5) In July 1984, BNP issued 1,800,000 undated participating subordinated notes (*titres participatifs*) with a par value of FF 1,000, for total issue proceeds of €274 million. Rights to subscribe to additional undated participating subordinated notes were attached to each of these notes. In respect of rights exercised between July 1 and July 30, 1985, 1986, 1987 and 1988, BNP issued a total of 412,761 new undated participating subordinated notes with a face value of FF 1,000 and received an issue premium of €4 million. These notes are redeemable only in the event of a liquidation of BNP Paribas but may be redeemed in accordance with the terms of the French Law of January 3, 1983.
- (6) In October 1985, BNP issued €305 million of undated floating-rate subordinated notes (*titres subordonnés à durée indéterminée*, or TSDI). These notes are redeemable only in the event of liquidation of the Bank. They are subordinated to all of the Bank’s other debts but senior to the undated participating subordinated notes issued by the Bank. The Board of Directors is entitled to postpone the interest payments on these securities if the shareholders’ meeting approving the financial statements declares that there is no income available for distribution. In September 1986, BNP raised a further \$500 million by issuing new undated floating-rate subordinated notes with characteristics similar to those of the French

franc notes issued in 1985. In 1996, 1997 and the first half of 1998, BNP issued undated floating-rate subordinated notes that may be called at the issuer's discretion, starting from a date specified in the issuing agreement and contingent upon the consent of the *Commission Bancaire*.

- (7) In December 1997, BNP US Funding LLC, a wholly-owned subsidiary of BNP Paribas, issued \$500 million of noncumulative preferred securities, which do not dilute earnings per ordinary share. They pay a contractual dividend of 7.738% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to the London Inter-Bank Offered Rate ("LIBOR"). The securities were redeemed in December 2007.

In October 2000, BNP Paribas Capital Preferred LLC, a wholly-owned subsidiary of the Bank, issued \$500 million of noncumulative preferred securities, via BNP Paribas Capital Trust. They pay a contractual dividend of 9.003% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to LIBOR.

In October 2001, BNP Paribas Capital Preferred III LLC, a wholly-owned subsidiary of the Bank, issued €500 million of noncumulative preferred securities, via BNP Paribas Capital Trust III. They pay a contractual dividend of 6.625% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to 3-month EURIBOR.

In January 2002, BNP Paribas Capital Preferred IV LLC, a wholly owned subsidiary of the Bank, issued €660 million of noncumulative preferred securities, via BNP Paribas Capital Trust IV. They pay a contractual dividend of 6.342% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to 3-month EURIBOR.

In June 2002, BNP Paribas Capital Preferred V LLC, a wholly-owned subsidiary of the Bank, issued \$650 million of noncumulative preferred securities, via BNP Paribas Capital Trust V. They pay a contractual dividend of 7.20%. As from June 30, 2007, the issuer may redeem the securities at par on each dividend payment date. The securities were redeemed in June 2007.

In January 2003, BNP Paribas Capital Preferred VI LLC, a wholly owned subsidiary of the Bank, issued €700 million of noncumulative preferred securities, via BNP Paribas Capital Trust VI. They pay a contractual dividend of 5.868% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to 3-month EURIBOR.



## **THE LLC**

The LLC is a Delaware limited liability company formed on October 1, 2002. The LLC is a wholly owned subsidiary of the Bank formed for the purpose of issuing the Notes and making the proceeds of the sale thereof available to the Bank, at its head office or branches, or its subsidiaries. Its principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

## **THE BANK AND THE GROUP**

The Bank is a European leader in banking and financial services, with a significant and growing presence in the United States and Asia. The Bank enjoys key positions in its three core businesses: Retail Banking, Asset Management & Services and Corporate and Investment Banking. The Bank's principal office is located at 16 Boulevard des Italiens, 75009 Paris, France, and its telephone number is 33 1 42 98 12 34.

## **THE BRANCH**

The Bank operates the Branch pursuant to a license issued by the Superintendent in 1978. The Branch conducts an extensive banking business serving U.S. customers and the Bank's French clients and their U.S. subsidiaries. The Branch's principal office is located at 787 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 841-2000.

## **SUPERVISION AND REGULATION OF THE BRANCH AND THE BANK IN THE UNITED STATES**

The Branch is licensed by the Superintendent under the New York Banking Law (the "NYBL") to conduct a commercial banking business. The Branch is examined by the New York State Banking Department and the Federal Reserve System and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch.

Under the NYBL and regulations adopted by the New York Banking Board, the Branch must deposit, with banks in the State of New York, high-quality eligible assets which are pledged to the Superintendent for certain purposes. The amount of assets required to be pledged is determined on the basis of a sliding scale (whereby the amount of assets required to be pledged as a percentage of the Branch's third-party liabilities decreases from 1% to 0.25% as such liabilities increase from \$1 billion or less to more than \$10 billion (up to a maximum of \$100 million of assets pledged)) in the case of foreign banking corporations that have been designated as "well-rated" by the Superintendent, as the Branch has been. Should the Branch cease to be "well-rated" by the Superintendent, the Branch may need to maintain substantial additional amounts of eligible assets with banks in the State of New York. Under the NYBL, the Superintendent is also empowered to require a New York branch of a foreign bank to maintain in New York specified assets equal to such percentage of certain of the branch's liabilities as the Superintendent may designate. At present, the Superintendent has set this percentage at 0%, although specific asset maintenance requirements may be imposed upon individual branches on a case-by-case basis. The Superintendent has not prescribed such a requirement for the Branch.

The NYBL authorizes the Superintendent to take possession of the business and property of a foreign bank's New York branch under circumstances involving violation of law, conduct of business in an unauthorized or unsafe manner, capital impairment, the suspension of payment of obligations, initiation of liquidation proceedings against the foreign bank, or reason to doubt the foreign bank's ability to pay in full the claims of its creditors. Pursuant to the NYBL, when the Superintendent takes possession of a foreign bank's New York branch, it succeeds to the branch's assets and the assets of the foreign bank located in New York State. In liquidating or dealing with the branch's business after taking possession of the branch, the Superintendent will accept for payment out of the branch's assets only the claims of creditors unaffiliated with the foreign bank that arose out of transactions with the branch (without prejudice to the rights of the holders of such claims to be satisfied out of other assets of the foreign bank). After such claims are paid, the Superintendent would turn over the remaining assets, if any, to the foreign bank or to its duly appointed liquidator or receiver.

The Branch is generally subject under the NYBL to the same single borrower (or issuer) lending and investment limits applicable to a New York State-chartered bank, except that for the Branch such limits, which are expressed as a percentage of capital, are based on the Bank's worldwide capital.

In addition to being subject to New York laws and regulations, the Branch is also subject to U.S. federal regulation primarily under the International Banking Act of 1978, as amended (the "IBA"), including the amendments to the IBA made pursuant to the Foreign Bank Supervision Enhancement Act of 1991 (the "FBSEA"). Under the IBA, as amended by the FBSEA, all U.S. branches of foreign banks, such as the Branch, are subject to reporting and examination requirements of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies, and most U.S. branches and agencies of foreign banks, including the Branch, are subject to reserve requirements on deposits and to restrictions on the payment of interest on demand deposits pursuant to regulations of the Federal Reserve Board. In addition, by reason of the conduct of banking activities in the United States (including through the Branch), the Bank is also subject to reporting to, and supervision and examination by, the Federal Reserve Board in its capacity as the Bank's U.S. "umbrella supervisor."

The Branch's deposits are not, and are not required or permitted to be, insured by the Federal Deposit Insurance Corporation. In general, under the IBA, as amended by the FBSEA, the Branch is not permitted to accept or maintain domestic retail deposits having a balance of less than U.S. \$100,000.

Among other things, the FBSEA provides that a state-licensed branch of a foreign bank (such as the Branch) may not engage as principal in any type of activity that is not permissible for a federally-licensed branch or agency of a foreign bank unless the Federal Reserve Board has determined that such activity is consistent with sound banking practice. A state-licensed branch must also comply with the same single borrower (or issuer) lending and investment limits applicable to national banks. These limits are based on the foreign bank's worldwide capital and, in the case of a foreign bank with multiple U.S. branches and agencies (such as the Bank), the foreign bank must aggregate the business of all of its U.S. branches and agencies in determining compliance with these limits. In addition, the FBSEA authorizes the Federal Reserve Board to terminate the activities of a U.S. branch or agency of a foreign bank if it finds that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country, or if there is reasonable cause to believe that such foreign bank or an affiliate has violated the law or engaged in an unsafe or unsound banking practice in the United States, and as a result, continued operation of the branch would be inconsistent with the public interest and the purposes of federal banking laws. If the Federal Reserve Board were to use this authority to close the Branch, creditors of the Branch would have recourse against the Bank's non-U.S. branches, unless the Superintendent or other regulatory authorities were to make alternative arrangements for the payment of the liabilities of the Branch.

The Bank Holding Company Act of 1956, as amended (the "BHCA"), imposes significant restrictions on the Bank's U.S. non-banking operations and on the Bank's worldwide holdings of equity in companies operating in the United States. The Gramm-Leach-Bliley Act (the "GLBA") significantly modified these restrictions. Once the GLBA took effect in 2000, qualifying bank holding companies and foreign banks that became "financial holding companies" were permitted to engage through non-bank subsidiaries in a broad range of non-banking activities in the United States, including insurance, securities, merchant banking and other financial activities, in many cases without prior notice to, or approval from the Federal Reserve Board or any other U.S. banking regulator. The GLBA does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature, and in general does not affect or expand the permitted activities of a U.S. branch of a foreign bank (such as the Branch).

The GLBA did not affect certain provisions of the BHCA governing the acquisition of U.S. banks. Accordingly, as was the case prior to the enactment of the GLBA, the Bank is required to obtain the prior approval of the Federal Reserve Board before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting securities of any U.S. bank, bank holding company or certain other types of U.S. depository institution or depository institution holding company. Under federal banking law and regulations issued by the Federal Reserve Board, the Branch is also restricted from engaging in certain "tying" arrangements involving products and services, and is required to comply with certain volume limits and collateral requirements applicable to certain extensions of credit to, or other covered transactions with, the Branch or other U.S. subsidiaries engaged in certain securities, insurance or merchant banking activities.

Under the GLBA and related Federal Reserve Board regulations, the Bank became a financial holding company effective April 2, 2001. To qualify as a financial holding company, the Bank was required to certify and demonstrate that the Bank was “well capitalized” and “well managed” (in each case, as defined by Federal Reserve Board regulation). These standards, as applied to the Bank, are comparable to the standards U.S. domestic banking organizations must satisfy to qualify as financial holding companies. In terms of capital requirements, each of the Bank and its U.S. subsidiary banks, Bank of the West, San Francisco, California, and First Hawaiian Bank, Honolulu, Hawaii (collectively, the “U.S. Subsidiary Banks”), must in general maintain a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10% (in each case, calculated in accordance with the respective home country standards of the Bank and the U.S. Subsidiary Banks). In addition, the U.S. Subsidiary Banks must also meet applicable leverage ratio and Community Reinvestment Act standards. If, in the future, the Bank were to acquire control of another U.S. bank (or certain other types of U.S. depository institution), or were to acquire control of a non-U.S. bank with a U.S. branch (or certain other U.S. banking operations), such U.S. or non-U.S. bank must also satisfy the Federal Reserve Board’s “well capitalized” and “well managed” standards in order for the Bank to maintain its status as a financial holding company. If, in the future, the Bank or either of the U.S. Subsidiary Banks or any such other U.S. or non-U.S. bank were no longer to be well capitalized or well managed, or were otherwise to fail to meet any of the requirements for the Bank to maintain its financial holding company status, then, depending on which requirement the Bank or the U.S. Subsidiary Banks failed to meet, the Bank may be required to discontinue certain financial activities or terminate its U.S. banking operations. The Bank’s ability to undertake acquisitions permitted to financial holding companies could also be adversely affected.

The GLBA and the regulations issued thereunder contain a number of other provisions that could affect the Bank’s U.S. banking operations. One such provision relates to the financial privacy of consumers. In addition, the so-called “push-out” provisions of the GLBA narrow the exclusion of banks (including U.S. branches of foreign banks, such as the Branch) from the definitions of “broker” and “dealer” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The rules of the SEC narrowing the exclusion of banks from the definition of “dealer” took effect in 2003 and the rules of the SEC and the Federal Reserve Board narrowing the exclusion of banks from the definition of broker are expected to take effect for the Bank on January 1, 2009. As a result, certain securities activities conducted by the Branch have been or may be restructured or transferred to one or more U.S. registered broker-dealer affiliates.

In recent years, a major focus of U.S. policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing and to assure compliance with U.S. economic sanctions in respect of designated countries or entities. U.S. regulations applicable to the Bank (including the Branch) and its subsidiaries impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, to verify the identity of their customers and otherwise to comply with U.S. economic sanctions. Failure of the Bank (including the Branch) to maintain and implement adequate programs to combat money laundering and terrorist financing, and to comply with U.S. economic sanctions, could have serious legal and reputational consequences.

In regard to combating money laundering and terrorist financing, in 2001, the U.S. Congress enacted the USA PATRIOT Act which imposed significant new record-keeping and customer identity requirements, expanded the government’s powers to freeze or confiscate assets and increased the available penalties that may be assessed against financial institutions. The USA PATRIOT Act also required the U.S. Treasury Secretary to develop and adopt final regulations with respect to anti-money laundering and related compliance obligations on financial institutions. The U.S. Treasury Secretary delegated this authority to a bureau of the U.S. Treasury Department known as the Financial Crimes Enforcement Network (“FinCEN”). U.S. economic sanctions are enforced in part by the U.S. Office of Foreign Asset Control (“OFAC”).

Many of the anti-money laundering compliance requirements of the USA PATRIOT Act and other applicable legislation, as implemented by FinCEN and OFAC, are generally consistent with the anti-money laundering compliance obligations that applied to U.S. branches of foreign banks and the U.S. subsidiaries of foreign banks before the USA PATRIOT Act was adopted. These include requirements to adopt and implement an anti-money laundering program, report suspicious transactions and implement due diligence procedures for certain correspondent and private banking accounts. Certain other specific requirements under the USA PATRIOT Act and other applicable legislation, such as procedures relating to correspondent accounts for non-U.S. financial institutions and procedures relating to the verification of customers’ identities involve new compliance obligations.

The Bank provides financial services throughout the world, which may from time to time include countries in which U.S. banks are prohibited from conducting business due to restrictions imposed by OFAC. The Bank does not believe its business activities with counterparties in, or directly relating to, such countries are material to its business, and such activities represented a very small part of the Bank's total assets and total revenues as of, and for the year ended, December 31, 2007.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes that will be attached to or incorporated by reference into each Book-Entry Note and that will be endorsed upon each certificated Note. The applicable supplement prepared by, or on behalf of, the Issuers in relation to any Notes may specify other Terms and Conditions that shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of a specific issue of Notes. The applicable supplement will be incorporated into, or attached to, each Book-Entry Note and endorsed upon each certificated Note. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Fiscal and Paying Agency Agreement (as defined below) or in the applicable supplement unless the context otherwise requires or unless otherwise stated.*

This Note is one of a Series of the Notes (“Notes,” which expression shall mean (i) in relation to any Notes represented by a Book-Entry Note, units of the lowest specified denomination (“Specified Denomination”) in the Specified Currency of the relevant Notes, (ii) certificated Notes issued in exchange (or part exchange) for a Book-Entry Note and (iii) any Book-Entry Note) issued subject to, and with the benefit of, an Amended and Restated Fiscal and Paying Agency Agreement (as it may be updated or supplemented from time to time, the “Fiscal and Paying Agency Agreement”) dated May 30, 2008, and made among the Issuers, the Guarantor and The Bank of New York, as fiscal and paying agent (the “Fiscal and Paying Agent”). The Bank and certain of its affiliates maintain lines of credit or have other banking relationships with the Fiscal and Paying Agent in the ordinary course of business. The Fiscal and Paying Agent, any additional paying agent (each a “Paying Agent” and, together with the Fiscal and Paying Agent, the “Paying Agents”) and the Calculation Agent are referred to together as the “Agents.”

As used herein, “Tranche” means Notes that are identical in all respects, including as to listing, and “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue that are denominated in the same currency and that have the same maturity date or redemption month, as the case may be, interest basis and interest payment dates, if any, and the terms of which, save for the issue date or interest commencement date and the issue price, are otherwise identical, including whether the Notes are listed, and the expressions “Notes of the relevant Series” and “holders of Notes of the relevant Series” and related expressions shall be construed accordingly.

To the extent the supplement for a particular Series of Notes specifies other Terms and Conditions that are in addition to, or inconsistent with, these Terms and Conditions, such new Terms and Conditions shall apply to such Series of Notes.

The holders for the time being of the Notes (“Noteholders”), which expression shall, in relation to any Notes represented by a Book-Entry Note, be construed as provided in “—Form, Denomination, Title and Transfer” below, are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Fiscal and Paying Agency Agreement and the applicable supplement, which are binding on them. The statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Fiscal and Paying Agency Agreement. Copies of the Fiscal and Paying Agency Agreement, and the supplement for the Notes of any Series, are available at the principal office of the Fiscal and Paying Agent.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, including Euroclear France and the Intermédiaires financiers habilités authorized to maintain accounts therein (together, “Euroclear France”), approved by the Issuers and the Fiscal and Paying Agent.

The obligations of the Issuers under the Unsubordinated Notes will be guaranteed on a senior basis by the Guarantor pursuant to a Senior Guarantee. The Guarantor’s obligations under the Senior Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future, unsecured, unconditional and unsubordinated obligations of the Bank, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law. The Senior Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.

The obligations of the Issuers under the Subordinated Notes will be guaranteed on a subordinated basis by the Guarantor pursuant to a Subordinated Guarantee. The Guarantor's obligations under the Subordinated Guarantee constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Subordinated Notes will be paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, titres participatifs issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank. The Subordinated Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.

Neither the Fiscal and Paying Agency Agreement nor the Subordinated Guarantee limits the amount of liabilities ranking *pari passu* with or senior to the obligations under the Fiscal and Paying Agency Agreement that may be incurred or assumed by the Bank or the Subordinated Guarantee that may be incurred or assumed by the Guarantor.

At any time when Subordinated Notes are outstanding, the relevant Issuer may not be dissolved, and, with respect to the LLC only, the Guarantor may not transfer exclusive or partial control over the LLC, without the prior written approval or written non-objection of the Secrétariat Général de la Commission Bancaire.

## 1. **Form, Denomination, Title and Transfer**

### (a) *Form, Denomination and Title*

The Notes are in book-entry form in the Specified Currency and Specified Denominations. Notes will trade only in book-entry form, and Book-Entry Notes will be issued in physical (paper) form to DTC, as described in the Fiscal and Paying Agency Agreement. This Note is an Unsubordinated Note or a Subordinated Note as indicated in the applicable supplement. This Note is, to the extent specified in the applicable supplement, a Fixed-Rate Note, a Floating-Rate Note, a Zero Coupon Note, a Linked Note, a Physical Delivery Note or a Dual Currency Note, or any appropriate combination thereof or, subject to all applicable laws and regulations, any other kind of Note specified in the applicable supplement. Whenever Dual Currency Notes or Linked Notes are issued to bear interest on a fixed- or floating-rate basis, or on a non-interest-bearing basis, the provisions in these Terms and Conditions relating to Fixed-Rate Notes, Floating-Rate Notes and Zero Coupon Notes, respectively, shall, where the context so admits, apply to such Dual Currency Notes or Linked Notes. Any reference in these Terms and Conditions to Physical Delivery Notes shall mean Notes in respect of which either an amount of principal and/or interest is payable by reference to an underlying equity, bond, security or other asset as may be specified in the applicable supplement (the "Underlying Assets"), and a "Physical Delivery Amount," being the number of Underlying Assets plus or minus any amount due to or from the Noteholder in respect of each Note, is deliverable and/or payable, in each case, by reference to one or more Underlying Assets as the relevant Issuer and the relevant Agents may agree and as set out in the applicable supplement.

The Issuers have appointed the Fiscal and Paying Agent at its office specified below to act as registrar of the Notes. The Issuers shall cause to be kept at the specified office of the Fiscal and Paying Agent for the time being at 101 Barclay Street, New York, New York a register (the "Register") with respect to each Issuer on which shall be entered, among other things, the name and address of the holders of such Issuer's Notes and particulars of all transfers of title to such Issuer's Notes.

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

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

(b) *Transfers of Registered Notes*

(i) Transfers of interests in global Notes

Transfers of beneficial interests in global Notes will be effected by DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in certificated form or for a beneficial interest in another global Note only in the authorized denominations set out in the applicable supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal and Paying Agency Agreement, including any required certifications.

(ii) Transfers of Notes in certificated form

Subject as provided in paragraph (v) below and to compliance with all applicable legal and regulatory restrictions, upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement, including the transfer restrictions contained therein, a Note in certificated form may be transferred in whole or in part (in the authorized denominations set out in the applicable supplement). In order to effect any such transfer (A) the holder or holders must (1) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of a Paying Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (2) complete and deposit such other certifications specified in the Fiscal and Paying Agency Agreement and as may be required by such Paying Agent and (B) such Paying Agent must, after due and careful inquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuers and the Fiscal and Paying Agent may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Fiscal and Paying Agency Agreement). Subject as provided above, the Fiscal and Paying Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of such Paying Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Note in certificated form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of only part of a Note in certificated form, a new Note in certificated form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under “Redemption and Purchase” below, the Issuers shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

(iv) Costs of registration

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

(v) Exchanges and transfers of Notes generally

Holders of Notes in certificated form may exchange such Notes for interests in a global Note of the same type at any time, subject to compliance with all applicable legal and regulatory restrictions and upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement.

2. **Status of the Notes and Negative Pledge**

(a) *Status (Unsubordinated Notes)*

If the Notes are Unsubordinated Notes, the Notes are direct, unconditional and unsecured obligations of the relevant Issuer and rank, *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated indebtedness of such Issuer, other than statutorily preferred exceptions.

(b) *Status (Subordinated Notes)*

(i) Dated Subordinated Notes

If the Notes are Dated Subordinated Notes, the Notes are direct, unconditional, unsecured and subordinated obligations of the relevant Issuer and rank *pari passu* among themselves and *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated indebtedness of such Issuer and have a fixed maturity date. Subject to applicable law, in the event of the voluntary liquidation of such Issuer, bankruptcy proceedings, or any other similar proceedings affecting such Issuer, the rights of the Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors (including, in the case of the Bank, depositors) of such Issuer, but, subject to such payment in full, a holder of Dated Subordinated Notes issued by the Bank will be paid in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

As noted above, the Guarantor's obligations under the Subordinated Guarantee of Dated Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Dated Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Dated Subordinated Notes will be paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

(ii) Undated Subordinated Notes

If the Notes are Undated Subordinated Notes, the Notes are direct, unconditional, unsecured and subordinated obligations of the relevant Issuer and rank *pari passu* among themselves and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated indebtedness of such Issuer and have no fixed maturity date. If the Notes are Undated Subordinated Notes, payment of interest may be deferred in accordance with the provisions of paragraph 3(g).

Subject to applicable law, in the event of the voluntary liquidation of such Issuer, bankruptcy proceedings or any other similar proceedings affecting such Issuer, the rights of Noteholders to payment of principal and interest under the Notes will be subordinated to the full payment of the unsubordinated creditors (including, in the case of the Bank, depositors) of such Issuer, but, subject to such payment in full, a holder of Undated Subordinated Notes issued by the Bank will be paid in priority to *prêts participatifs*



granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

As noted above, the Guarantor's obligations under the Subordinated Guarantee of Undated Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Undated Subordinated Notes to payment of principal or interest in respect of the Undated Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Undated Subordinated Notes will be paid principal and interest under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank.

The proceeds of issues of Undated Subordinated Notes may be advanced by the LLC to the Bank's head office and/or used by the Bank for off-setting losses of the Bank and, thereafter, to allow the Bank to continue its activities in accordance with French banking regulations. The proceeds of such issues that are advanced to or received by the Bank will be classed amongst the funds of the Bank in accordance with Article 4(c) of *Règlement* No. 90-02 of the *Comité de la Réglementation Bancaire et Financière*. This provision does not in any way affect any French law applicable to accounting principles relating to allocation of losses nor the duties of the shareholders and does not in any way affect the rights of the Noteholders to receive payment of principal and interest under the Notes in accordance with these Terms and Conditions.

In the event of the Bank incurring losses, the loss will be charged first against accumulated profits, then against reserves and capital, and finally, if needed, against the proceeds of issuances of Undated Subordinated Notes advanced to or received by the Bank and other undated subordinated debt of the Bank and unpaid interest thereon (including interest on the Undated Subordinated Notes) which include a clause providing for the absorption of losses, in order to allow the Bank to fulfill the regulatory requirements applicable to banks prevailing in France, including those relating to solvency ratios, and in order to allow the Bank to continue its activities.

(c) *Negative Pledge (Unsubordinated Notes)*

The Issuers undertake that, so long as any of their respective Unsubordinated Notes shall remain outstanding, they will not create any lien, pledge or other charge upon any of their present or future property, rights and assets as security for any notes or bonds (in the case of the Bank only, which are for the time being, or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange), unless such Notes are secured ratably by such lien, pledge or charge. This paragraph (c) does not apply to Subordinated Notes.

3. **Interest**

(a) *Interest on Fixed-Rate Notes*

(i) Each Fixed-Rate Note bears interest on its nominal amount, or if it is a partly paid Note, the amount paid up, from, and including, the interest commencement date at the rates per annum equal to the fixed rates of interest payable in arrears on the fixed interest dates in each year and on the maturity date. The first payment of interest will be made on the fixed interest date next following the interest commencement date and, if the first anniversary of the interest commencement date is not a fixed interest date, will amount to the initial broken amount specified in the applicable supplement. If the maturity date is not a fixed interest date, interest from and including the preceding fixed interest date, or the interest commencement date, to the maturity date will amount to the final broken amount. Except as provided in the applicable supplement, the amount of interest payable on each fixed interest date in respect of the fixed interest period ending on such date will amount to the fixed coupon amount.

(ii) If interest is required to be calculated for a period ending other than on a fixed interest date, such interest shall be calculated by applying the fixed rate of interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (A) if “Actual/Actual (ISMA)” is specified in the applicable supplement:
  - (1) in the case of Notes for which the number of days in the relevant period from, and including, the most recent fixed interest date, or, if none, the interest commencement date, to, but excluding, the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates, as specified in the applicable supplement, that would occur in one calendar year; or
  - (2) in the case of Notes for which the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (a) the number of days in the Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates, as set forth in the applicable supplement, that would occur in one calendar year; and
    - (b) the number of days in the Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in that Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (B) if “30/360” is specified in the applicable supplement, the number of days in the period from and including the most recent fixed interest date, or, if none, the interest commencement date, to, but excluding, the relevant payment date (such number of days being calculated on the basis of twelve 30-day months) divided by 360.

(iv) The supplement, in relation to each Series of Notes in relation to which this paragraph 3(a) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

- (A) If the “Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on the fixed interest dates set forth in the applicable supplement; provided that, if any fixed interest date would otherwise fall on a date that is not a Business Day, the relevant fixed interest date will be the first following day that is a Business Day.

- (B) If the “Modified Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such fixed interest dates as are set forth in the applicable supplement; provided that, if any fixed interest date would otherwise fall on a date that is not a Business Day, the relevant fixed interest date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case the relevant fixed interest date will be the first preceding day that is a Business Day.
- (C) Such other convention may be specified in the applicable supplement.

In this paragraph 3(a):

- (1) “Business Day” means a day that is both:
  - (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City; and
  - (b) in relation to any sum payable in a Specified Currency other than U.S. dollars, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as specified in the applicable supplement.
- (2) “Determination Dates” means the dates set forth in the applicable supplement.
- (3) “Determination Period” means each period from, and including, a Determination Date to, but excluding, the next Determination Date, including, if either the interest commencement date or the final fixed interest date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date.
- (4) “Fixed Interest Period” means the period from, and including, a fixed interest date, or the interest commencement date, to, but excluding, the next, or first, fixed interest date.
- (5) “Sub-unit” means, with respect to any currency other than the U.S. dollar, the lowest amount of that currency available as legal tender in the country of that currency and, with respect to the U.S. dollar, means one cent.
- (b) *Interest on Floating-Rate Notes*
  - (i) Interest Payment Dates

The supplement, in relation to each Series of Notes in relation to which this paragraph 3(b) is specified as being applicable, shall set forth which of the following Business Day Conventions shall be applicable.

- (A) If the “FRN Convention” is specified in the applicable supplement, interest shall be payable in arrears on each date (each an “Interest Payment Date”) that numerically corresponds to their issue date or such other date as may be set forth in the applicable supplement or, as the case may be, the preceding Interest Payment Date, in the calendar month that is the number of months specified in the applicable supplement after the month in which such issue date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred; provided that:

- (1) if there is no such numerically corresponding day in the calendar month on which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day that is a Business Day (as defined below) in that month;
  - (2) if an Interest Payment Date would otherwise fall on a day that is not a Business Day, then the relevant Interest Payment Date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day that is a Business Day; and
  - (3) if such issue date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day that is a Business Day in the month that is the specified number of months after the month in which such Issue Date or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred.
- (B) If the “Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such dates (each an “Interest Payment Date”) as are set forth in the applicable supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be the first following day that is a Business Day.
- (C) If the “Modified Following Business Day Convention” is specified in the applicable supplement, interest shall be payable in arrears on such dates (each an “Interest Payment Date”) as are set forth in the applicable supplement; provided that, if any Interest Payment Date would otherwise fall on a date that is not a Business Day, the relevant Interest Payment Date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day that is a Business Day.
- (D) Such other convention may be specified in the applicable supplement.

Each period beginning on, and including, such Issue Date or such other date as aforesaid and ending on, but excluding, the first Interest Payment Date and each period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is herein called an “Interest Period.”

In this paragraph 3(b), “Business Day” means a day that is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in New York City; and
- (b) in relation to any sum payable in a Specified Currency other than U.S. dollars, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as specified in the applicable supplement.

(ii) Rate of Interest

The “Rate of Interest” payable from time to time in respect of Floating-Rate Notes will be determined in the manner specified in the applicable supplement, which may be “ISDA Determination,” “AFB Determination” or “Screen Rate Determination,” as described below.

(iii) ISDA Determination

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

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

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

(iv) AFB Determination

Where so specified in the applicable supplement, interest will be payable on such dates, at such a rate (the “AFB Rate”) and in such amounts, plus or minus, as set forth in the applicable supplement, the margin, if any, as would have been payable, regardless of any event of default or termination event thereunder, by the relevant Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the Master Agreement relating to foreign exchange and derivatives transactions (an “AFB Agreement”), as in effect on the date of issue of the Notes, published by the *Association Française des Banques* and evidenced by a Confirmation (as defined in the AFB Agreement) with the holder of the relevant Note under which:

- (A) such Issuer was the floating amount payer;
- (B) the Fiscal and Paying Agent was the Agent (as defined in the AFB Agreement) or as otherwise specified in the applicable supplement;
- (C) the interest commencement date was the transaction date;
- (D) the lowest Specified Denomination was the notional amount;
- (E) the Interest Payment Dates were the floating amount payment dates; and
- (F) all other terms were as specified in the applicable supplement.

When the preceding sentence applies, in respect of each relevant Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount (as defined herein) for the relevant Interest Period for the purposes of these Terms and Conditions as though determined under sub-paragraph (vi) below;
- (2) the Rate of Interest for such Interest Period will be the floating rate (as defined in the AFB Agreement) determined by the Fiscal and Paying Agent in accordance with the preceding sentence; and
- (3) the Fiscal and Paying Agent will be deemed to have discharged its obligations under sub-paragraph (vi) below if it has determined the Rate of Interest and the Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(v) Screen Rate Determination

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

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

(expressed as a percentage rate per annum) for the reference rate or rates that appears or appear, as the case may be, on the relevant screen page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus, as indicated in the applicable supplement, the margin, if any, all as determined by the Fiscal and Paying Agent. If five or more of such offered quotations are available on the relevant screen page, the highest, or, if there is more than one such highest quotation, one only of such quotations, and the lowest, or, if there is more than one such lowest quotation, one only of such quotations, shall be disregarded by the Fiscal and Paying Agent for the purpose of determining the arithmetic mean, rounded as provided above, of such offered quotations.

The Fiscal and Paying Agency Agreement contains provisions for determining the Rate of Interest in the event that the relevant screen page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. The applicable supplement may, if agreed by the relevant Agents, set out such provisions in full.

If the reference rate from time to time in respect of Floating-Rate Notes is specified in the applicable supplement as being other than LIBOR or EURIBOR, the rate of interest in respect of such Notes will be determined as provided in the applicable supplement.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Fiscal and Paying Agent will, on or as soon as practicable after each date on which the rate of interest is to be determined (the “Interest Determination Date”), determine the rate of interest, subject to any minimum or maximum rate of interest specified in the applicable supplement, and calculate the amount of interest (the “Interest Amount”) payable on the Floating-Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the rate of interest to the Specified Denomination, or if there is more than one, the lowest Specified Denomination, multiplying such sum by the Day Count Fraction (as defined herein) specified in the

applicable supplement and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, one half of such a Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (A) if “Actual/365” or “Actual/Actual ISDA” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365, or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365;
- (B) if “Act/Act” or “Actual/Actual” is specified in the applicable supplement, the actual number of days in the Interest Period divided by the actual number of days in the year in which such Interest Period falls;
- (C) if “Actual/365 (Fixed)” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365;
- (D) if “Actual/365 (sterling)” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (E) if “Actual/360” is specified in the applicable supplement, the actual number of days in the Interest Period divided by 360;
- (F) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable supplement, the number of days in the Interest Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, unless (1) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month; and
- (G) if “30E/360” or “Eurobond Basis” is specified in the applicable supplement, the number of days in the Interest Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the maturity date, the maturity date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

(vii) Minimum and/or Maximum Interest Rate

If the applicable supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii), (iii), (iv) or (v) above, as appropriate, is less than such Minimum Interest Rate, the rate of interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the

provisions of sub-paragraph (ii), (iii), (iv) or (v) above, as appropriate, is greater than such Maximum Interest Rate, the rate of interest for such Interest Period shall be such Maximum Interest Rate.

(viii) Notification of Rate of Interest and Interest Amount

The Fiscal and Paying Agent will cause the rate of interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, and to any stock exchange on which the relevant Floating-Rate Notes are for the time being listed, and, except where the relevant Notes are unlisted and are in global form and held in their entirety on behalf of DTC, Euroclear or Clearstream, Luxembourg, in which event there may be substituted for such publication the delivery of such notice to DTC, Euroclear and Clearstream, Luxembourg, for communication to the holders of the Notes, to be published in accordance with “Notices” below as soon as possible after determination of the rate of interest and each Interest Amount, but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended, or appropriate alternative arrangements made by way of adjustment, in the event of an extension or shortening of the Interest Period. Any such amendment will be notified promptly to each stock exchange on which the relevant Floating-Rate Notes are for the time being listed and to the Noteholders in accordance with “Notices” below. For the purposes of this sub-paragraph (viii), “Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in New York.

(ix) Certificates to be Final

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of this paragraph 3(b) by the Fiscal and Paying Agent or, if applicable, the Calculation Agent, shall, in the absence of gross negligence or willful misconduct, be binding on the Issuers, the Fiscal and Paying Agent or, if applicable, the Calculation Agent and all Noteholders, and, in the absence as aforesaid, no liability to the Noteholders shall attach to the Fiscal and Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Zero Coupon Notes*

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with “Redemption and Repurchase—Early Redemption Amounts” below, as its Amortized Face Amount (as defined herein). As from the maturity date, any overdue principal of such Note shall bear interest at a rate per annum equal to the accrual yield specified in the applicable supplement. Such interest shall continue to accrue, as well after as before any judgment, until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month the actual number of days elapsed in that incomplete month or on such other basis as may be specified in the applicable supplement.

(d) *Interest on Linked Notes and Physical Delivery Notes*

In the case of Linked Notes and Physical Delivery Notes, if applicable, where the rate of interest and/or the amount of interest, whether on any Interest Payment Date, fixed interest date, early redemption, maturity or otherwise, fails to be determined by reference to the index and/or the formula and/or otherwise, the rate of interest and/or the amount of interest shall be determined in accordance with the index and/or the formula or otherwise in the manner specified in the applicable supplement.

(e) *Interest on Partly Paid Notes*

In the case of partly paid notes (“Partly Paid Notes”), other than Partly Paid Notes that are Zero Coupon Notes, interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable supplement.



(f) *Interest Payments*

Interest will be paid subject to and in accordance with the provisions of “Payments” below. Interest will cease to accrue on each Note, or, in the case of the redemption only of part of a Note, that part only of such Note, on the due date for redemption thereof unless, upon due presentation thereof, payment of principal or the payment and/or delivery of the Physical Delivery Amount, if applicable, is improperly withheld or refused, in which event interest will continue to accrue, as well after as before any judgment, until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Fiscal and Paying Agent has notified the holder thereof, either in accordance with “Notices” below or individually, of receipt of all sums due in respect thereof up to that date.

(g) *Deferral of Interest – Undated Subordinated Notes*

In the case of Undated Subordinated Notes, and when so specified in the applicable supplement, the Board of Directors of the Bank may decide, prior to the date for the payment of interest payable under any Undated Subordinated Notes, to suspend payment, or to issue to the LLC a notice (“Interest Deferral Notice”) instructing the LLC to suspend payment, of an amount equal to the interest accrued during any interest period on such Undated Subordinated Notes if, at the most recent annual general meeting of the shareholders of the Bank which preceded the corresponding date for the payment of interest, no dividend was declared, paid or set apart for payment on or with respect to any class of share capital of the Bank; provided that such Interest Deferral Notice is given to the LLC as soon as reasonably practicable following the making of such decision and in any event not later than seven days prior to any date for the payment of interest on the Undated Subordinated Notes. In such a case, any payment of interest on the Undated Subordinated Notes so suspended shall constitute “Arrearage Amounts” (which term shall include interest on such unpaid amount), the payment of which shall be deferred until the date for the payment of interest on the Undated Subordinated Notes immediately following the date upon which any dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Bank at the most recent annual general meeting of the shareholders of the Bank. Arrearage Amounts shall bear interest at the same rate as the Notes to which they relate or as otherwise set forth in the applicable supplement. Arrearage Amounts may at the option of the Bank, which shall so instruct the LLC in writing, if the LLC is the Issuer, be paid in whole or in part at any time upon the expiry of not less than seven days notice to such effect given to the Noteholders in accordance with these Conditions, but all Arrearage Amounts shall (subject to applicable laws and regulations) become due in full on whichever is the earliest of (i) the date for the payment of interest on the Undated Subordinated Notes immediately following the date upon which a dividend is next declared paid or set apart as aforesaid, (ii) the date set for any redemption or purchase of the Undated Subordinated Notes pursuant to paragraphs 5(b) or (c) (in the case of redemption) or paragraph 5(f) (in the case of purchase), provided all the Notes are so purchased, or (iii) the commencement of “*liquidation judiciaire*” or “*liquidation amiable*” procedures against the Bank. If notice is given to the Noteholders of the relevant Issuer’s intention to pay the whole or part of Arrearage Amounts, the relevant Issuer shall be obliged (subject to applicable laws and regulations) to do so upon the expiry of such notice. Where Arrearage Amounts are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrearage Amounts accrued in respect of the earliest interest period on the Undated Subordinated Notes in respect of which Arrearage Amounts have accrued and have not been paid in full.

4. **Payments**

For the purposes of this paragraph 4, references to payment or repayment, as the case may be, of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Physical Delivery Amounts.

(a) *Method of Payment*

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

where the specified office of such Paying Agent is located, before the relevant due date (the “Record Date”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a check in the Specified Currency drawn on a Designated Bank (as defined below). For the purposes of this paragraph 4(a), “Designated Account” means the account that, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account, maintained by a holder with a Designated Bank and identified as such in the Register, and “Designated Bank” means, in the case of payment in a Specified Currency other than U.S. dollars, a bank in the principal financial center of the country of such Specified Currency and, in the case of a payment in U.S. dollars, any bank that processes payments in U.S. dollars.

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

Holders of Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a check posted in accordance with this paragraph 4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

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

Payments of principal and interest, if any, in respect of certificated Notes will, subject as provided below, be made against presentation or surrender of such certificated Notes at any specified office of any Paying Agent. Payments of principal in respect of installments, if any, other than the last installment, will, subject as provided below, be made against surrender of the relevant receipt. Payment of the last installment will be made against surrender of the relevant certificated Note. Each receipt must be presented for payment of such installment together with the relevant certificated Note against which the amount will be payable in respect of that installment. If any certificated Notes are redeemed or become repayable prior to their respective maturity dates, or the Interest Payment Date falling in the redemption month in respect thereof, as the case may be, principal will be payable on surrender of each such Note together with all unmatured receipts appertaining thereto. Unmatured receipts and receipts presented without the certificated Notes to which they appertain do not constitute obligations of the Issuers. All payments of interest and principal with respect to certificated Notes will be made only against presentation and surrender of the relevant certificated Notes or receipts, except as otherwise provided in the third succeeding paragraph.

Subject as provided below and, in the case of Physical Delivery Notes, subject also as provided in the applicable supplement, payments in respect of certificated Notes, other than Dual Currency Notes, denominated in a Specified Currency, other than U.S. dollars, or, in the case of Dual Currency Notes, payable in a Specified Currency, other than U.S. dollars, will, subject as provided below, be made by a check in the Specified Currency drawn on or, at the option of the holder and upon 15 days prior notice to the Fiscal and Paying Agent, by transfer to an account; in the case of payment in yen, to a non-resident of Japan, a non-resident account, in the Specified Currency maintained by the payee with, a bank in the principal financial center of the country of the Specified Currency. Payments in

U.S. dollars will be made by credit or transfer to a U.S. dollar account or any other account to which U.S. dollars may be credited or transferred specified by the payee or, at the option of the payee, by a check in U.S. dollars. The applicable supplement may also contain provisions for variation of settlement where, for reasons beyond the control of the Issuers or any Noteholder, including, without limitation, unlawfulness, illegality, impossibility, force majeure, non-transferability or the like (each a “Payment Disruption Event”), the Issuers are not able to make, or any Noteholder is not able to receive, as the case may be, payment on the due date and in the Specified Currency of any amount of principal or interest due under the Notes.

In the case of Physical Delivery Notes that are settled by way of delivery, on the due date for redemption, the Issuers shall deliver, or procure the delivery of, the documents evidencing the number of and/or constituting the Underlying Assets plus or minus any amount due to or from the Noteholder deliverable in respect of each Note (the “Physical Delivery Amount”) to, or to the order of, the Noteholder in accordance with the instructions of the Noteholder contained in the Transfer Notice (as defined below). The Physical Delivery Amount shall be evidenced in the manner described in the applicable supplement. The applicable supplement may also contain provisions for variation of settlement pursuant to an option to such effect or where the Issuers or the holder of a Physical Delivery Note, as the case may be, is not able to deliver or take delivery of as the case may be, the Underlying Assets, or where a Settlement Disruption Event, as described in the applicable supplement has occurred, all as provided in the applicable supplement.

Payments of principal and interest, if any, in respect of Notes represented by any global Note will be made in the manner specified above and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made on such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

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

Fixed-Rate Notes in certificated form should be presented for payment on or before the relevant redemption date.

If any date for payment of any amount in respect of any Note is not a Payment Day (as defined herein), then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, “Payment Day” means any day that, subject to “Prescription” below, is:

(i) 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:

(A) the relevant place of presentation;

(B) any additional financial center specified in the applicable supplement; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than the U.S. dollar, a day on which commercial banks and foreign exchange markets settle payments and are open for general business, including dealing in foreign exchange and foreign currency deposits, in the principal financial center of the country of the relevant Specified Currency, as set forth in the applicable supplement, or (B) in relation to any sum payable in U.S. dollars, a day on which the Federal Reserve System is open.

If the due date for redemption of any interest bearing Note in certificated form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of interest, or from the interest commencement date, will be paid against surrender of such Note.

The name of the Fiscal and Paying Agent and its initial specified offices are set out below. The Issuers reserve the right at any time to vary or terminate the appointment of the Fiscal and Paying Agent and to appoint additional or other Paying Agents and/or to approve any change in the specified office of any Paying Agent, provided that (i) there will at all times be a Fiscal and Paying Agent and (ii) the Issuers shall at all times maintain a Paying Agent with a specified office outside the European Union or in a European Union Member State (“Member State”) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union 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.

In addition, the Issuers shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph 4(a) above. Any variation, termination, appointment or change shall only take effect, other than in the case of insolvency, when it shall be of immediate effect, after not less than 30 nor more than 45 days prior notice shall have been given to the Noteholders in accordance with “Notices” below.

Payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(b) *Physical Delivery Notes*

The applicable supplement will contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Notes, including, without limitation, liability for the costs of transfer of Underlying Assets.

The Underlying Assets will be delivered at the risk of the relevant Noteholder in such manner as may be specified in the transfer notice pursuant to which such Underlying Assets are delivered (the “Transfer Notice,” the form of which is annexed to the Fiscal and Paying Agency Agreement) and, notwithstanding the provisions of “Interest—Interest Payments” above, no additional payment or delivery will be due to a Noteholder where any Underlying Assets are delivered after their due date in circumstances beyond the control of either the Issuers or the Fiscal and Paying Agent.

5. **Redemption and Purchase**

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, Notes will be redeemed by the relevant Issuer at their final redemption amount, or, in the case only of Physical Delivery Notes where the applicable supplement specifies that such Notes will be redeemed by payment and/or delivery of a Physical Delivery Amount, by the payment and the delivery of the Physical Delivery Amount, specified in, or determined in the manner specified in, the applicable supplement in the Specified Currency on the Maturity Date specified in the applicable supplement, in the case of Notes that are not Floating-Rate Notes, or on the Interest Payment Date falling in the redemption month specified in the applicable supplement, in the case of Floating-Rate Notes. Notes may not be redeemed other than in accordance with these Terms and Conditions.

(b) *Redemption for Taxation Reasons*

(i) If as a result of any change in, or in the official interpretation or administration of, any laws or regulations of France or the United States or any other authority thereof or therein (A) the relevant Issuer or the Guarantor would be required to pay additional amounts in respect of the Notes or Guarantees, as provided in paragraph 6 or (B) the Guarantor would, in respect of payments to the LLC pursuant to any

loan or advance of proceeds from the issuance of the Notes by the LLC to the Guarantor, be required to pay additional amounts in order that the LLC, after deduction of any withholding taxes or duties, will receive the full amount then due and payable under the Notes, then the Issuers, in the case of (A) and the LLC, in the case of (B) may at its option at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) but subject, in the case of Subordinated Notes, to the prior approval of the *Secrétariat Général de la Commission Bancaire* in France, on giving not more than 45 nor less than 30 days notice to the Noteholders (in accordance with paragraph 12) which notice shall be irrevocable, redeem all, but not less than all, of the Notes as to which the conditions set forth in clauses (A) or (B) apply at their Early Redemption Amount (as defined below) 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 such Issuer or the Guarantor, as the case may be, could make payment without withholding for such taxes.

(ii) If the Issuers or the Guarantor would, on the next due date for payment of any amount in respect of the Notes or Guarantees, be prevented by French law from making such payment notwithstanding the undertaking to pay additional amounts as provided in paragraph 6, then the relevant Issuer shall forthwith give notice of such fact to the principal Paying Agent and shall, subject in the case of Subordinated Notes, to the prior approval of the *Secrétariat Général de la Commission Bancaire* in France, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes) redeem all, but not less than all, of the Notes then outstanding as to which the conditions set forth in clauses (A) or (B) of subparagraph (i) apply at their Early Redemption Amount (as defined below) 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 paragraph 12), 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 such Issuer or the Guarantor, as the case may be, 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.

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

If Issuer Call is specified in the applicable supplement, the relevant Issuer may, subject in the case of Subordinated Notes to the prior approval of the *Secrétariat Général de la Commission Bancaire* in France, having given, unless otherwise specified in connection with a particular offering of notes:

(i) not less than 5 nor more than 30 days notice to the Noteholders in accordance with "Notices" below, or as otherwise specified in the applicable supplement; and

(ii) not less than 5 days before the giving of the notice referred to in (i), notice to the Fiscal and Paying Agent;

which notices shall be irrevocable and shall specify the date fixed for redemption, redeem all or some of the Notes then outstanding on any optional redemption date and at the optional redemption amounts specified in, or determined in the manner specified in, the applicable supplement together, if appropriate, with interest accrued to, but excluding, the relevant optional redemption date. Any such redemption must be of a nominal amount equal to the minimum redemption amount or a higher redemption amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by certificated Notes, and in accordance with the rules of DTC, Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection the "Selection Date"). In the case of Redeemed Notes represented by certificated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with "Notices" below, not less than 5 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by certificated Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of certificated Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to

the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from, and including, the Selection Date to, and including, the date fixed for redemption pursuant to this paragraph (c), and notice to that effect shall be given by such Issuer to the Noteholders in accordance with “Notices” below, at least five days prior to the Selection Date.

In the case of Subordinated Notes, no redemption at the option of the Issuer will be permitted prior to five years from the date of issue thereof.

(d) *Redemption at the Option of the Noteholders (“Noteholder Put”)*

In the case of Subordinated Notes, no redemption of the Notes at the option of the Noteholder is permitted. If a Noteholder Put is specified in the applicable supplement, and provided that this Note is not a Subordinated Note, upon the holder of any Note giving to the relevant Issuer in accordance with “Notices” below not less than 15 nor more than 30 days notice, such Issuer will, upon the expiration of such notice, redeem, subject to and in accordance with the terms specified in the applicable supplement, in whole, but not in part, such Note on the optional redemption date and at the optional redemption amount together, if appropriate, with interest accrued to, but excluding, the optional redemption date.

If a Note is in certificated form and held outside DTC, Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form obtainable from any specified office of any Paying Agent (a “Put Notice”) and in which the holder must specify a bank account, or, if payment is required to be made by check, an address, to which payment is to be made under this paragraph 5, accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If the Note is represented by a global Note or is in certificated form and held through DTC, Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of the Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg, which may include notice being given on his instruction by DTC, Euroclear or Clearstream, Luxembourg or any common depository for them to the Paying Agent by electronic means, in a form acceptable to DTC, Euroclear and Clearstream, Luxembourg from time to time and, if a Note is represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except if prior to the due date of redemption an Event of Default shall have occurred and be continuing, in which event such holder, at his option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this paragraph 5 and instead to declare such Note forthwith due and payable pursuant to “Events of Default—Enforcement” below.

(e) *Early Redemption Amounts*

For the purposes of paragraph 5(b) above and “Events of Default—Enforcement” below, the Notes will be redeemed at an amount (the “Early Redemption Amount”) calculated as follows, together, if appropriate, with interest accrued to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and repayable:

- (i) in the case of Notes with a final redemption amount equal to the issue price, at the final redemption amount thereof; or
- (ii) in the case of Notes, other than Zero Coupon Notes, with a final redemption amount that is or may be lesser or greater than the issue price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable supplement or, if no such amount or manner is set out in the supplement, at their nominal amount; or

- (iii) in the case of Physical Delivery Notes, as determined in the manner specified in the applicable supplement; or
- (iv) in the case of Zero Coupon Notes, at an amount (the “Amortized Face Amount”) equal to the sum of:
  - (A) the reference price specified in the applicable supplement; and
  - (B) the product of the accrual yield specified in the applicable supplement, compounded annually, being applied to the reference price from and including the issue date to, but excluding, the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month or such other calculation basis as may be specified in the applicable supplement.

(f) *Purchases*

The Issuers and their affiliates may at any time purchase Notes at any price in the open market or otherwise, in each case in accordance with applicable securities laws.

In the case of Subordinated Notes, where (i) the aggregate nominal amount of Notes remaining outstanding after such purchase is less than 90% of the total nominal amount of such Notes originally issued, or (ii) in the case of an *Offre Publique d’Achat* (“Cash Take-over Bid”) or an *Offre Publique d’Echange* (“Exchange Offer”), such purchase can only be made with the prior written consent of the *Secrétariat Général de la Commission Bancaire* in France.

(g) *Cancellation*

All Notes that are redeemed or purchased by the Issuers will forthwith be cancelled and accordingly may not be re-issued or resold.

(h) *Installments*

Each Note in certificated form that is redeemable in installments will be redeemed in the installment amounts and on the installment dates specified in the applicable supplement. All installments, other than the final installment, will be paid by surrender of, in the case of a certificated Note, the relevant Receipt, which must be presented with the Note to which it appertains, and, in the case of a global Note, the relevant Note and issue of a new Note in the nominal amount remaining outstanding, all as more fully described in “Payments” above.

(i) *Late Payment on Zero Coupon Notes*

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

- (A) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (B) the date on which the full amount payable has been received by the Fiscal and Paying Agent and notice to that effect has been given to the Noteholders in accordance with “Notices” below.

(j) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this paragraph 5 as amended or varied by the information specified in the applicable supplement.

6. **Taxation**

(a) *Additional Amounts*

If French or U.S. law should require that any payments in respect of the Notes or Guarantees be subject to withholding with respect to any taxes or duties whatsoever, the relevant Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after deduction of such taxes or duties, will receive the full amount then due and payable; provided, however, that such Issuer may, in that event, redeem all of the Notes then outstanding as to which such requirement to pay additional amounts applies in accordance with the provisions of paragraph 5(b) above, and provided further that no such additional amounts shall be payable with respect to any Note:

- (i) presented for payment by or on behalf of a holder who is subject to such taxes or duties in respect of such Note by reason of his being connected with France or the United States (as the case may be) otherwise than by reason only of the holding of such Note; or
- (ii) presented for payment more than 30 days after the relevant date, except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State.

As used herein the “relevant date” in relation to any Note means whichever is the later of:

- (A) the date on which the payment in respect of such Note first became due and payable; or
- (B) if the full amount of the moneys payable on such a date in respect of such Note has not been received by the principal Paying Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such moneys have been so received.

References herein to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable under this paragraph 6.

(b) *Supply of Information*

Each holder of Notes shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be reasonably required by the latter in order for it to comply with the identification and reporting obligations imposed on it by 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.

## 7. **Redenomination**

Where redenomination is specified in the applicable supplement as being applicable, the Issuers may, without the consent of the Noteholders, on giving prior notice to the Fiscal and Paying Agent, DTC, Euroclear and Clearstream, Luxembourg and at least 30 days prior notice to the Noteholders in accordance with “Notices” below, elect that, with effect from the Redenomination Date (as defined herein) specified in the notice, the relevant Notes shall be redenominated in euro.

The election, with respect to the relevant Notes, will have effect as follows:

- (a) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the established rate, provided that, if the Issuers determine, with the agreement of the Fiscal and Paying Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuers shall promptly notify the Noteholders, the stock exchange, if any, on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) except to the extent that an Exchange Notice (as defined herein) has been given in accordance with sub-paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if certificated Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuers in the denominations of euro 1,000, euro 10,000, euro 100,000 and, but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Fiscal and Paying Agent may approve, euro 0.01 and such other denominations as the Fiscal and Paying Agent shall determine and notify to the Noteholders;
- (d) the payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the relevant Issuer. New euro-denominated Notes will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal and Paying Agent may specify and as shall be notified to the Noteholders in the notice given by the relevant Issuer (the “Exchange Notice”) that replacement euro-denominated Notes are available for exchange. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account, or any other account to which euro may be credited or transferred, specified by the payee or, at the option of the payee, by a euro check;
- (f) if the Notes are Fixed-Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a fixed interest date, it will be calculated by applying the rate of interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention;

- (g) if the Notes are Floating-Rate Notes, the applicable supplement will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to these Terms and Conditions as the Issuers may decide, after consultation with the Fiscal and Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

## 8. **Events of Default and Enforcement**

### (a) *Events of Default*

In the case of Unsubordinated Notes, the holders of at least 50% of the aggregate principal amount of such Series of outstanding Unsubordinated Notes may give written notice to the relevant Issuer and the Fiscal and Paying Agent that the Unsubordinated Notes are, and shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events (“Events of Default”):

- (i) the relevant Issuer fails to pay any principal payable in respect of the Unsubordinated Notes, or any of them, when due and payable; or
- (ii) the relevant Issuer fails to pay any amount other than principal amounts payable in respect of the Unsubordinated Notes, or any of them, when due and payable, and such default is not remedied within 30 days after the relevant due date; or
- (iii) the relevant Issuer fails to perform or observe any of its other obligations under the Unsubordinated Notes, and such default is not remedied within 45 days after notice of such default has been given to the Fiscal and Paying Agent by any Noteholder; or
- (iv) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Branch in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Branch or of any substantial part of the property of the Branch, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or the commencement by the Branch of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Branch to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Branch of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by the Branch to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Branch or of any substantial part of the property of the Branch, or the making by the Branch of an assignment for the benefit of creditors, or the taking of corporate action by the Branch in furtherance of any such action, and such action or proceeding shall be continuing if not rescinded, suspended or stayed for a period of 30 consecutive days; or
- (v) with respect to Unsubordinated Notes issued by the LLC only, the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the LLC in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order appointing a

custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the LLC or of any substantial part of the property of the LLC, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or the commencement by the LLC of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the LLC to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the LLC of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by the LLC to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the LLC or of any substantial part of the property of the LLC, or the making by the LLC of an assignment for the benefit of creditors, or the taking of corporate action by the LLC in furtherance of any such action, and such action or proceeding shall be continuing if not rescinded, suspended or stayed for a period of 30 consecutive days; or

- (vi) with respect to Unsubordinated Notes issued by the Bank only, the Bank applies for the appointment of a conciliator (*conciliateur*), enters into an amicable settlement (*accord amiable*) with its creditors or ceases its payments, or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Bank or for a transfer of the whole of its business (*cession totale de l'entreprise*), or the Bank is subject to similar proceedings, or, in the absence of legal proceedings, the Bank makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Bank for its winding-up or dissolution, except in connection with a merger or other reorganization in which all of the Bank's assets are transferred to, and all of the Bank's debts and liabilities (including the Notes) are assumed by, another entity which continues the Bank's activities.

(b) *Enforcement (Subordinated Notes)*

In the case of Subordinated Notes, the holder of any Subordinated Note may, upon written notice to the Fiscal and Paying Agent, cause such Subordinated Note to become due and payable, together with accrued interest thereon, if any, as of the date on which said notice is received by the Fiscal and Paying Agent, in the event that a resolution is passed or a judgment is issued for the liquidation of the LLC or an order is made or an effective resolution is passed for the liquidation (*liquidation judiciaire* or *liquidation amiable*) of the Bank.

9. **Prescription**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiration of 10 years from the due date thereof, and claims for payment of interest, if any, in respect of the Notes shall be prescribed upon the expiration of five years from the due date thereof.

10. **Replacement of Notes**

If any Note, including any global Note, is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Fiscal and Paying Agent upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence an indemnity as the relevant Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued. Cancellation and replacement of Notes shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

11. **Further Issues**

The Issuers shall be at liberty from time to time without the consent of the Noteholders to issue further notes, such further notes forming a single series with the existing Notes so that such further notes and the Notes carry rights identical in all respects, or in all respects except for the first payment of interest thereon.

12. **Notices**

- (a) All notices to the holders of registered Notes will be valid if mailed to the addresses of the registered holders.
- (b) All notices regarding Notes, both certificated and global, will be valid if published once in a leading English-language daily newspaper with general circulation in the United States, which is expected to be the Wall Street Journal. 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.
- (c) Until such time as any certificated Notes are issued, there may, so long as all the global Notes for a particular Series, whether listed or not, are held in their entirety on behalf of DTC, Euroclear and Clearstream, Luxembourg, be substituted, in relation only to such Series, for such publication as aforesaid in Condition 12(b), the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, except that if the Notes are listed on a stock exchange and the rules of that stock exchange so require, the relevant notice will in any event be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the notice was given to DTC, Euroclear and/or Clearstream, Luxembourg.
- (d) Notices to be given by any holder of any Notes shall be in writing and given by delivering the same, together with the relevant Note or Notes, to the Fiscal and Paying Agent. While any Notes are represented by a global Note, such notice may be given by a holder of any of the Notes so represented to the Fiscal and Paying Agent via DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal and Paying Agent and DTC, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.
- (e) All notices given to Noteholders, irrespective of how given, shall also be delivered in writing to DTC, Euroclear and Clearstream, Luxembourg and, in the case of listed Notes, to the relevant stock exchange.

13. **Meetings of Noteholders, Modification and Waiver**

With respect to each Series of Notes, the relevant Issuer and the Fiscal and Paying Agent may, with the consent of the holders of at least 50% in aggregate principal amount of the then outstanding Notes of such Series, modify and amend the provisions of such Notes, including to grant waivers of future compliance or past default by such Issuer. However, no such amendment or modification will apply, without the consent of each Noteholder affected thereby, to Notes of such Series owned or held by such Noteholder with respect to the following matters:

- (a) to change the stated maturity of the principal of or interest on such Notes;
- (b) to reduce the principal amount of or interest on such Notes;
- (c) to change the currency of payment of principal or interest on such Notes, except as provided in paragraph 7 above; and
- (d) to impair the right to institute suit for the enforcement of any payment in respect of such Notes.

In addition, no such amendment or notification may, without the consent of each Noteholder of such Notes, reduce the percentage of principal amount of Notes of such Series outstanding necessary to make these modifications or amendments to such Notes or to reduce the quorum requirements or the percentages of votes required for the adoption of any action at a Noteholder meeting.

In addition, in the case of a Series of Subordinated Notes, any proposed modification of any provision of such Subordinated Notes (including a modification of the provisions as to subordination referred to in paragraph 2(b) above) requiring the consent of holders of at least 50% in principal amount of the then outstanding Subordinated Notes of such Series can only be effected subject to the prior approval of the *Secrétariat Général de la Commission Bancaire* in France.

Each Issuer may also agree to amend any provision of any Series of Notes of such Issuer with the holder thereof, but that amendment will not affect the rights of the other Noteholders or the obligations of such Issuer with respect to the other Noteholders.

No consent of the Noteholders is or will be required for any modification or amendment requested by an Issuer or by the Fiscal and Paying Agent or with the consent of such Issuer to:

- (a) add to such Issuer's covenants for the benefit of the Noteholders; or
- (b) surrender any right or power of such Issuer in respect of a Series of Notes or the Fiscal and Paying Agency Agreement; or
- (c) provide security or collateral for a Series of Notes; or
- (d) cure any ambiguity in any provision, or correct any defective provision, of a Series of Notes; or
- (e) change the terms and conditions of a Series of Notes or the Fiscal and Paying Agency Agreement in any manner that such Issuer and the Fiscal and Paying Agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of any Noteholder of such Notes; or
- (f) redenominate the Notes of a Series in euro when redenomination is specified in the applicable supplement as being applicable.

Each Issuer may at any time ask for written consent or call a meeting of the Noteholders of a Series to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of such Series of Notes of such Issuer. This meeting will be held at the time and place determined by such Issuer and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

If at any time the holders of at least 10% in principal amount for the then outstanding Notes of a Series request the Fiscal and Paying Agent to call a meeting of the holders of such Notes for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal and Paying Agent will call the meeting for such purpose. This meeting will be held at the time and place determined by the Fiscal and Paying Agent, after consultation with the relevant Issuer, and specified in a notice of such meeting furnished to the Noteholders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Noteholders who hold a majority in principal amount of the then outstanding Notes of a Series will constitute a quorum at a noteholders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least 20 days. At the reconvening of a meeting adjourned for lack of quorum, holders of 25% in principal amount of the then outstanding Notes of such Series shall constitute a quorum. Notice of the reconvening of any meeting may be given only once, but must be given at least ten days and not more than 15 days prior to the meeting.

At any meeting when there is a quorum present, holders of at least 50% in principal amount of the Notes of a Series represented and voting at the meeting may approve the modification or amendment of, or a waiver of compliance for, any provision of the Notes of such Series except for specified matters requiring the consent of each Noteholder, as set forth above. Modifications, amendments or waivers made at such a meeting will be binding on all current and future Noteholders.

#### **14. Agents**

In acting under the Fiscal and Paying Agency Agreement, the Agents will act solely as agents of the Issuers and do not assume any obligations or relationship of agency or trust to or with the Noteholders, except that, without affecting the obligations of the Issuers to the Noteholders, to repay Notes and pay interest thereon, funds received by the Fiscal and Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders until the expiration of the relevant period of prescription described under “Prescription” above. The Issuers will agree to perform and observe the obligations imposed upon them under the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agency Agreement contains provisions for the indemnification of the Agents and for relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with the Issuers and any of its affiliates without being liable to account to the Noteholders for any resulting profit.

#### **15. Governing Law; Consent to Jurisdiction and Service of Process; Immunity**

The Fiscal and Paying Agency Agreement provides that the Notes will be governed by, and construed in accordance with, the laws of the State of New York; provided, however, that Condition 2(b) of the Notes will be governed by, and construed in accordance with, French law.

Each of the Bank and the Guarantor has consented to the jurisdiction of the courts of the State of New York and the U.S. courts located in The City of New York with respect to any action that may be brought in connection with the Notes, with respect to the Bank, and the Guarantees, with respect to the Guarantor. Each of the Bank and the Guarantor has appointed the Treasurer of the Branch as its agent upon whom process may be served in any action brought against the Bank in any U.S. or New York State court.

The Bank and its properties are currently not entitled to any sovereign or other immunity and the Bank has agreed that, to the extent that it may hereafter become entitled to any such immunity, it waives such immunity with respect to matters arising out of or in connection with the Notes issued by it or the Guarantees.

#### **16. Definitions in these Terms and Conditions**

The following expressions have the following meanings:

- (a) “Adjusted” means that for the purposes of an Interest Period where the Interest Payment Date is not a Payment Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the first following Business Day, if Following Business Day Convention is specified in the applicable supplement, or up to, but excluding, the first following Business Day or the first preceding Business Day, as the case may be, if Modified Following Business Day Convention is specified in the applicable supplement.
- (b) “Established Rate” means the rate for the conversion of the Specified Currency, including compliance with rules relating to roundings in accordance with applicable European Community regulations, into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty.
- (c) “Euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.
- (d) “London Business Day” means a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

- (e) “New York and London Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in the city of New York, New York and the city of London.
- (f) “New York Business Day” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in the city of New York, New York.
- (g) “Redenomination Date” means, in the case of interest bearing Notes, any date for payment of interest under the Notes or, in the case of Zero Coupon Notes, any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to paragraph 6(a) above, that falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.
- (h) “Treaty” means the Treaty establishing the European Community, as amended by the Treaty on European Union as amended by the Treaty of Amsterdam.
- (i) “Unadjusted” means that for the purposes of an Interest Period where the Interest Payment Date is not a Payment Day, the Interest Amount for that Interest Period will accrue up to, but excluding, the stated Interest Payment Date.
- (j) “Undated Deeply Subordinated Notes” means the direct, unconditional, unsecured and subordinated obligations of the Bank, which rank *pari passu* among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and deeply subordinated indebtedness of the Bank and have no fixed maturity date.

## GUARANTEES

The obligations of the Issuers under the Unsubordinated Notes will be guaranteed on a senior basis by the Guarantor pursuant to a Senior Guarantee. The Guarantor's obligations under the Senior Guarantee constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future, unsecured, unconditional and unsubordinated obligations of the Bank, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law. The Senior Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.

The obligations of the Issuers under the Subordinated Notes will be guaranteed on a subordinated basis by the Guarantor pursuant to a Subordinated Guarantee. The Guarantor's obligations under the Subordinated Guarantee constitute direct, unconditional, unsecured and subordinated obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured, unconditional and ordinary subordinated obligations of the Bank. Subject to applicable law, in the event of the voluntary liquidation of the Bank, bankruptcy proceeding, or any other similar proceedings affecting the Bank, the rights of a holder of any Subordinated Notes under the Subordinated Guarantee will be subordinated to the full payment of unsubordinated creditors of the Bank (including depositors) but, subject to such payment in full, a holder of Subordinated Notes will be paid under the Subordinated Guarantee in priority to *prêts participatifs* granted to the Bank, *titres participatifs* issued by the Bank and Undated Deeply Subordinated Notes (*titres subordonnés de dernier rang*) issued by the Bank. The Subordinated Guarantee is available for inspection at the principal office of the Fiscal and Paying Agent.



## BOOK-ENTRY PROCEDURES AND SETTLEMENT

Unless otherwise provided in the applicable supplement, each series of Notes will be book-entry securities. Upon issuance, all Book-Entry Notes of the same issue will be represented by one or more fully registered global Notes, without interest coupons. Each global Note will be deposited with, or on behalf of, The Depository Trust Company (“DTC”), as depository, and will be registered in the name of DTC or a nominee of DTC. DTC will thus be the only registered holder of these Notes and will be considered the sole owner of the Notes for purposes of the Fiscal and Paying Agency Agreement.

Purchasers may hold interests in the global Notes only through DTC if they are participants in the DTC system. Purchasers may also hold interests through a securities intermediary—banks, brokerage houses and other institutions that maintain securities accounts for customers—that has an account with DTC or its nominee. DTC will maintain accounts showing the Notes holdings of its participants, and these participants will in turn maintain accounts showing the Notes holdings of their customers. Some of these customers may themselves be securities intermediaries holding Notes for their customers. Thus, each beneficial owner of a Book-Entry Note will hold that Note indirectly through a hierarchy of intermediaries, with DTC at the “top” and the beneficial owner’s own securities intermediary at the “bottom.”

The Notes of each beneficial owner of a Book-Entry Note will be evidenced solely by entries on the books of the beneficial owner’s securities intermediary. The actual purchaser of the Notes will generally not be entitled to have the Notes represented by the global Notes registered in its name and will not be considered the owner under the Fiscal and Paying Agency Agreement. In most cases, a beneficial owner will also be unable to obtain a paper certificate evidencing the holder’s ownership of Notes. The book-entry system for holding Notes eliminates the need for physical movement of certificates and is the system through which most publicly traded common stock is held in the United States. However, the laws of some jurisdictions require some purchasers of Notes to take physical delivery of their Notes in definitive form. These laws may impair the ability to transfer Book-Entry Notes.

A beneficial owner of Book-Entry Notes represented by a global Note may exchange the Notes for definitive (paper) Notes only if:

- an event of default has occurred and is continuing;
- DTC has notified the relevant Issuer that it is unwilling or unable to continue as depository for the global Note and no alternative clearing system is available;
- DTC has ceased to be a clearing agency registered under the Exchange Act, and no alternative clearing system is available;
- the relevant Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available; or
- the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a global Note in definitive form.

Unless otherwise provided in the applicable supplement, any global Note that is exchangeable pursuant to the foregoing will be exchangeable in whole for definitive Notes in registered form, with the same terms and of an equal aggregate principal amount, in denominations of \$100,000 and whole multiples of \$1,000. Definitive Notes will be registered in the name or names of the person or persons specified by DTC in a written instruction to the registrar of the Notes. DTC may base its written instruction upon directions it receives from its participants.

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

In this base prospectus and the accompanying supplement for Book-Entry Notes, references to actions taken by Noteholders will mean actions taken by DTC upon instructions from its participants, and references to payments and notices of redemption to Noteholders will mean payments and notices of redemption to DTC as the registered holder of the Notes for distribution to participants in accordance with DTC’s procedures.

DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York banking law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered under section 17A of the Exchange Act. The rules applicable to DTC and its participants are on file with the SEC. DTC is not affiliated in any way with the Guarantor or the Issuers.

The Issuers will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Book-Entry Notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

The information in this section about DTC has been provided by DTC for informational purposes only. The Issuers take no responsibility for the accuracy of this information, and this information is not intended to serve as a representation, warranty or contract modification of any kind.

## TAXATION

### United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to the holder of a Note. This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary deals only with holders that will hold Notes as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction or persons that have a “functional currency” other than the U.S. dollar.

For purposes of this discussion, a “United States holder” is a holder of a Note that is an individual who is a citizen or resident of the United States or a domestic U.S. corporation or an entity that otherwise is subject to U.S. federal income taxation on a net income basis in respect of a Note. A “non-United States holder” is a holder of a Note that is a nonresident alien individual or a foreign corporation.

**United States Internal Revenue Service (the “IRS”) Circular 230 Notice:** To ensure compliance with IRS Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Base Prospectus or any document referred to herein (including any product supplement, prospectus supplement or pricing supplement) is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

**Scope.** Depending on the relevant economic terms of the Notes, including whether holders of the Notes have principal protection, the Notes may be characterized for U.S. federal income tax purposes as indebtedness, forward contracts or other financial derivatives, or possibly (in the case of Physical Delivery Notes) as interests in the Underlying Assets of any linked payments on the Notes or (in the case of Undated Subordinated Notes) as equity of BNP Paribas. The following discussion addresses the consequences to holders of Notes that are characterized for U.S. federal income tax purposes as (i) indebtedness of the Issuer, (ii) a grant by the holder of an option on a forward contract with respect to Underlying Assets or underlying indices, funds or other interests (the “Underlying”) (a “Reverse Convertible Note”) or (iii) a cash-settled forward contract with respect to the Underlying (a “Forward Contract Note”). Any special U.S. federal income tax considerations relevant to a particular issue of Notes, including any Linked Notes, Physical Delivery Notes and Undated Subordinated Notes that are not characterized as indebtedness for U.S. federal income tax purposes, will be provided in the applicable Pricing Supplement.

In general, a Note other than a Reverse Convertible Note and a Forward Contract Note will be treated as indebtedness for U.S. federal income tax purposes unless otherwise indicated in the applicable pricing supplement. By purchasing such a Note, each holder agrees to treat the Note as indebtedness for U.S. federal income tax purposes.

This summary applies to Dual Currency Notes only if one of the Specified Currencies is the U.S. dollar. A description of the tax considerations relevant to other Dual Currency Notes will be provided in the applicable pricing supplement.

### United States Holders

#### *Consequences of Notes Characterized As Debt*

The following discussion applies to Notes that are characterized as indebtedness for U.S. federal income tax purposes.

*Payments of Interest.* Payments of “qualified stated interest” (as defined below under “Original Issue Discount”) on a Note will be taxable to a United States holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States holder’s method of tax accounting). If such payments of interest are made with respect to a Physical Delivery Note or other Note that provides for payments of interest in property (other than cash), the amount of interest income realized by a United States holder will be the fair market value of such property at the time of the payment. If such payments of interest are made with respect to a Note denominated in a Specified Currency other than U.S. dollars (a “Foreign Currency Note”), the amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the Specified Currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States holder’s taxable year), or, at the accrual basis United States holder’s election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A United States holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Note.

*Purchase, Sale and Retirement of Notes.* A United States holder’s tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest made on such Note. In the case of a Foreign Currency Note, the cost of such Note to a United States holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder (and, if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States holder’s tax basis in a Note in respect of original issue discount, market discount and premium denominated in a Specified Currency will be determined in the manner described under “Original Issue Discount” and “Premium and Market Discount” below. The conversion of U.S. dollars to a Specified Currency and the immediate use of the Specified Currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the United States holder’s tax basis in such Note. If a United States holder receives property (other than cash) in respect of the sale, exchange or retirement of a Note, the amount realized will be the fair market value of such property at the time of such sale, exchange or retirement. If a United States holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a Note, the amount realized will be the U.S. dollar value of the Specified Currency received, calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a Foreign Currency Note that is traded on an established securities market, a cash basis United States holder, and if it so elects, an accrual basis United States holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual basis United States holders in respect of the purchase and sale of Foreign Currency Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, Short-Term Notes (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has held the Note for more than one year at the time of disposition. Long-

term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

*Original Issue Discount.* United States holders of Notes with original issue discount (“OID”) (each such Note an “Original Issue Discount Note”) generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Internal Revenue Code of 1986, as amended, and certain regulations promulgated thereunder (the “OID Regulations”). United States holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each United States holder of an Original Issue Discount Note, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the “daily portions” of OID on the Note for all days during the taxable year that the United States holder owns the Note. The daily portions of OID on an Original Issue Discount Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Note allocable to each accrual period is determined by (a) multiplying the “adjusted issue price” (as defined below) of the Original Issue Discount Note at the beginning of the accrual period by the yield to maturity of such Original Issue Discount Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The yield to maturity of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The “adjusted issue price” of an Original Issue Discount Note at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Note in all prior accrual periods. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually during the entire term of an Original Issue Discount Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices. In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will generally be determined for these purposes as though the Original Issue Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.) As a result of this “constant yield” method of including OID in income, the amounts includible in income by a United States holder in respect of an Original Issue Discount Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

All payments on an Original Issue Discount Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal.

A United States holder generally may make an irrevocable election to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by such United States holder for such Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the United States holder, the United States holder making such election will also be deemed to have made the election (discussed below in “– Premium and Market Discount”) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Note that is also a Foreign Currency Note, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the Specified Currency using the constant-yield method described above, and (b) translating the amount of the Specified Currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder's taxable year) or, at the United States holder's election (as described above under "– Payments of Interest"), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of an Original Issue Discount Note that is also a Foreign Currency Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Note denominated in U.S. dollars. Upon the receipt of an amount attributable to OID on a Foreign Currency Note (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States holder of an Original Issue Discount Note that purchases the Note at a cost less than its remaining redemption amount (as defined below), or an initial United States holder that purchases an Original Issue Discount Note at a price other than the Note's issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States holder acquires the Original Issue Discount Note at a price greater than its adjusted issue price, such holder may reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The "remaining redemption amount" for a Note is the total of all future payments to be made on the Note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as "variable rate debt instruments" under the OID Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as "qualified stated interest" and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note does not qualify as a "variable rate debt instrument," such Note will be subject to special rules (the "Contingent Payment Regulations") that govern the tax treatment of debt obligations that provide for contingent payments. See "Linked Debt Notes and Other Notes Providing for Contingent Payments" below. A description of the tax considerations relevant to United States holders of any such Notes will be provided in the applicable pricing supplement.

Certain of the Notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the applicable pricing supplement. Notes containing such features, in particular Original Issue Discount Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the applicable pricing supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

*Premium and Market Discount.* A United States holder of a Note that purchases the Note at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Original Issue Discount Notes purchased at a premium will not be subject to the OID rules described above. With respect to a United States holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States holder's tax basis when the Note matures or is disposed of by the United States holder. Therefore, a United States holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures.

In the case of premium in respect of a Foreign Currency Note, a United States holder should calculate the amortization of such premium in the Specified Currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Note and the exchange rate on the date on which the United States holder acquired the Note.

If a United States holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an Original Issue Discount Note, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have “market discount” in the hands of such United States holder. In such case, gain realized by the United States holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such United States holder. In addition, the United States holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant yield method. Market discount on a Foreign Currency Note will be accrued by a United States holder in the Specified Currency. The amount includible in income by a United States holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the United States holder.

A United States holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a United States holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States holder’s taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

*Short-Term Notes.* The rules set forth above will also generally apply to Notes having maturities of not more than one year (“Short-Term Notes”), but with certain modifications.

First, the OID Regulations treat *none* of the interest on a Short-Term Note as qualified stated interest. Thus, all Short-Term Notes will be Original Issue Discount Notes. OID will be treated as accruing on a Short-Term Note ratably, or at the election of a United States holder, under a constant yield method.

Second, a United States holder of a Short-Term Note that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the Short-Term Note as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such Note until the maturity of the Note or its earlier disposition in a taxable transaction. In addition, such a United States holder will be required to treat any gain realized on a sale, exchange or retirement of the Note as ordinary income to the extent such gain does not exceed the OID accrued with respect to the Note during the period the United States holder held the Note. Notwithstanding the foregoing, a cash-basis United States holder of a Short-Term Note may elect to accrue original issue discount on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A United States holder using the accrual method of tax accounting and certain cash-basis United States holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a Short-Term Note in income on a current basis.

Third, any United States holder (whether cash or accrual basis) of a Short-Term Note can elect to accrue the “acquisition discount,” if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of the remaining redemption amount of the Note

at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a Short-Term Note.

*Linked Debt Notes and Other Notes Providing for Contingent Payments.* Linked Notes may be treated as debt instruments or characterized in another fashion, as appropriate. Unless otherwise noted in the applicable Pricing Supplement, Linked Notes that are characterized as indebtedness for U.S. federal income tax purposes (including, for this purpose, any such Physical Delivery Notes), hereinafter referred to as “Linked Debt Notes” will be treated as “contingent payment debt instruments” for U.S. Federal income tax purposes. As a result, the Linked Debt Notes will generally be subject to the OID Regulations and a United States holder will be required to accrue income on the Linked Debt Notes as set forth below, provided that the Note has a term of more than one year and does not provide for payments in a foreign currency or determined by reference to a foreign currency or any debt obligation denominated in a foreign currency.

At the time the Linked Debt Notes are issued, the relevant Issuer will be required to determine a “comparable yield” for the Linked Debt Notes that takes into account the yield at which such Issuer could issue a fixed rate debt instrument with terms similar to those of the Linked Debt Notes (including the level of subordination, term, timing of payments and general market conditions, but excluding any adjustments for liquidity or the riskiness of the contingencies with respect to the Linked Debt Notes). The comparable yield may be greater than or less than the stated interest rate, if any, with respect to the Linked Debt Notes.

Solely for purposes of determining the amount of interest income that a United States holder will be required to accrue, the relevant Issuer will be required to construct a “projected payment schedule” in respect of the Linked Debt Notes representing a series of payments the amount and timing of which would produce a yield to maturity on the Linked Debt Notes equal to the comparable yield. NEITHER THE COMPARABLE YIELD NOR THE PROJECTED PAYMENT SCHEDULE CONSTITUTES A REPRESENTATION BY THE RELEVANT ISSUER REGARDING THE ACTUAL AMOUNT THAT THE LINKED NOTES WILL PAY. For U.S. federal income tax purposes, a United States holder is required to use the comparable yield and the projected payment schedule established by the relevant Issuer in determining interest accruals and adjustments in respect of a Linked Debt Note, unless such United States holder timely discloses and justifies the use of other accruals and adjustments to the IRS. The relevant Issuer will provide the comparable yield and projected payment schedule, or instructions on how to obtain that information, in the applicable pricing supplement.

Based on the comparable yield and the issue price of the Linked Debt Notes, a United States holder of a Linked Debt Note (regardless of accounting method) will be required to accrue as OID the sum of the daily portions of interest on the Linked Debt Note for each day in the taxable year on which the holder held the Linked Debt Note, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Linked Debt Note (as set forth below). The daily portions of interest in respect of a Linked Debt Note are determined by allocating to each day in an accrual period the taxable portion of interest on the Linked Debt Note that accrues in the accrual period. The amount of interest on a Linked Debt Note that accrues in an accrual period is the product of the comparable yield on the Linked Debt Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of a Linked Debt Note. The adjusted issue price of a Linked Debt Note at the beginning of the first accrual period will equal its issue price and for any accrual period thereafter will be (x) the sum of the issue price of such Linked Debt Notes and any interest previously accrued thereon by a holder (disregarding any positive or negative adjustments) minus (y) the amount of any projected payments on the Linked Debt Note for previous accrual periods.

A United States holder will be required to recognize interest income equal to the amount of any positive adjustment (*i.e.*, the excess of actual payments over projected payments) in respect of a Linked Debt Note for a taxable year. A negative adjustment (*i.e.*, the excess of projected payments over actual payments) in respect of a Linked Debt Note for a taxable year (i) will first reduce the amount of interest in respect of the Linked Debt Note that a United States holder would otherwise be required to include in income in the taxable year and (ii) to the extent that the negative adjustment exceeds the amount described in (i), will give rise to an ordinary loss, up to the amount by which the holder’s total interest inclusions on the debt instrument in prior taxable years exceed the total amount of the holder’s net negative adjustments treated as ordinary loss on the debt instrument in prior taxable years. A net



negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under section 67 of the Internal Revenue Code. Any negative adjustment in excess of the amounts described above in (i) and (ii) will be carried forward to offset future interest income in respect of the Linked Debt Note or to reduce the amount realized on a sale, exchange or retirement of the Linked Debt Note.

Upon a sale, exchange or retirement of a Linked Debt Note (including a repurchase or redemption of the Note at the option of the relevant Issuer or the holder), a United States holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and such holder's tax basis in the Linked Debt Note. If the relevant Issuer delivers property (other than cash) to a holder in retirement of a Linked Debt Note, the amount realized will equal the fair market value of the property, determined at the time of such retirement, plus the amount of cash, if any, received in lieu of property. A United States holder's tax basis in a Linked Debt Note will equal the cost thereof, increased by the amount of interest income previously accrued by the holder in respect of the Linked Debt Notes (disregarding any positive or negative adjustment) and decreased by the amount of all prior projected payments in respect of the Linked Debt Note. A United States holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary losses, and the balance as capital loss, if there are no remaining contingent payments at the time of the sale, exchange or retirement of the Linked Debt Note under the projected payment schedule, any gain or loss recognized by the holder generally will be capital gain or loss.

A United States holder will have a tax basis in any property (other than cash) received upon any payment on or the retirement of a Linked Debt Note equal to the fair market value of such property, determined at the time of such retirement. Any gain or loss realized by a United States holder on a sale or exchange of such property generally will be capital gain or loss and will generally be long-term capital gain or loss if the sale or exchange occurs more than one year after such payment or the retirement of the Linked Debt Note.

The tax consequences to a United States holder of a Short-Term Note that provides for contingent payments are not clear. Under the special rules applicable to Short-Term Notes, a United States holder using an accrual method of accounting generally is required to accrue original issue discount with respect to a Note, as described above. However, the rules applicable to Short-Term Notes do not address how to accrue income with respect to a future contingent payment. Moreover, the Contingent Payment Regulations that require United States holders to accrue interest income regardless of their method of accounting do not apply to Short-Term Notes. Taxpayers using an accrual method of accounting generally are not required to include amounts in income until all the events have occurred that fix the right to receive the income and the amount of the income can be determined with reasonable accuracy. Accordingly, although no assurances can be provided in this regard, it appears that in the case of contingent payment Short-Term Notes, a United States holder using the accrual method of accounting should not be required to include amounts in income prior to the date on which the amount of such payment becomes fixed, while a United States holder using the cash method of accounting generally should include such amounts in income at the time that such payment is received.

*Fixed but Deferred Contingent Payments.* Subject to the discussion in the first following paragraph, if a contingent payment in respect of a Linked Debt Note becomes fixed more than six months prior to the date such payment is scheduled to be made, the United States holder of such Note will incur a positive adjustment or negative adjustment on such date under the Contingent Payment Regulations, depending on whether the amount so fixed is greater than or less than the projected amount of the contingent payment, respectively. The amount of any such adjustment will be equal to the difference between the present value of the amount that is fixed and the present value of the projected amount of the contingent payment, measured as of the date the contingent amount becomes fixed and determined using a discount rate equal to the comparable yield. The amount of such a positive adjustment or negative adjustment will increase or decrease, respectively, the adjusted issue price of the Note and the United States holder's tax basis in the Note. The projected payment schedule will be modified prospectively to reflect the fixed amount of the payment on the date that the contingent payment becomes fixed, so that when the contingent payment is actually made no adjustment will be required. The accrual period of the Note will end on the date that the contingent payment becomes fixed, and a new accrual period will begin on the following day.

Notwithstanding the foregoing, if all contingent payments on a Linked Debt Note were to become fixed substantially contemporaneously more than six months prior to its maturity, any positive or negative adjustments on

the instrument must be taken into account in a reasonable manner over the period to which they relate. Also, if contingent stated interest payments are adjusted to compensate for contingencies regarding the reasonableness of the debt instrument's stated rate of interest, such contingent stated interest payments are recognized over the period to which they relate in a reasonable manner.

United States holders should be aware that the Form 1099-OID reporting interest accruals on such Linked Debt Notes that they may receive may *not* take the adjustments described in the two preceding paragraphs into account, and thus may overstate or understate the United States holders' interest inclusions.

In the case where a United States holder has a tax basis that is greater than or less than the adjusted issue price of a Note, the amount allocated to a projected payment, as described under "Purchasers of Linked Debt Notes at a Price Other than Adjusted Issue Price," will be treated as a negative adjustment or positive adjustment, respectively, on the date such payment becomes fixed.

*Purchasers of Linked Debt Notes at a Price Other than Adjusted Issue Price.* If a United States holder purchases a Linked Debt Note in the secondary market for an amount that differs from the adjusted issue price of the Notes at the time of purchase, that United States holder will be required to accrue interest income on the Note in accordance with the comparable yield even if market conditions have changed since the date of issuance. The regular rules for accruing bond premium, acquisition premium and market discount will not apply. Instead, a United States holder must reasonably determine whether the difference between the purchase price for a Note and the adjusted issue price of a Note is attributable to a change in expectations as to the contingent amounts potentially payable in respect of the Notes, a change in interest rates since the Notes were issued, or both, and allocate the difference accordingly to the remaining daily portions of interest and projected payments.

If the purchase price of the Linked Debt Note is less than its adjusted issue price, a positive adjustment will result, increasing the amount of interest (or decreasing the amount of ordinary loss) that a United States holder would otherwise accrue and include in income each year and upon redemption or maturity in accordance with the United States holder's reasonable allocation of the difference to daily portions of interest or to projected payments, as discussed above. If the purchase price is more than the adjusted issue price of the Linked Debt Note, a negative adjustment will result, decreasing the amount of interest (or increasing the amount of ordinary loss) that a United States holder would otherwise accrue and include in income each year and upon redemption or maturity by the amounts allocated to daily portions of interest or projected payments. Any positive or negative adjustment that a United States holder is required to make if the United States holder purchases the Notes at a price other than the adjusted issue price will increase or decrease, respectively, that United States holder's tax basis in the Notes.

If a United States holder receives a Form 1099-OID reporting interest accruals on such Linked Debt Notes, the form will not reflect the effect of any positive or negative adjustments resulting from such United States holder's purchase of a Note in the secondary market at a price that differs from its adjusted issue price on the date of purchase. United States holders are urged to consult their tax advisors as to whether, and how, the adjustments should be made to the amounts reported on any Form 1099-OID.

### ***Consequences of Reverse Convertible Notes and Forward Contract Notes***

The following discussion applies to Notes that may be characterized as either a Reverse Convertible Note, a Forward Contract Note or in some other manner, rather than as debt. The consequences of Forward Contract Notes that provide for physical delivery of the Underlying will be discussed in the applicable prospectus supplement.

The following discussion assumes that none of the Underlying consists of shares of an issuer that is a passive foreign investment company for U.S. federal income tax purposes. If this assumption is not correct, then the U.S. federal income tax consequences of owning the Notes could differ significantly from the consequences described below.

Recent IRS guidance and proposed legislation could affect the treatment of Reverse Convertible Notes or Forward Contract Notes. Holders of such Notes should see "Recent Guidance and Legislation Applicable to Reverse Convertible Notes and Forward Contract Notes" below.

### *Consequences of Reverse Convertible Notes*

Unless otherwise specified in an applicable prospectus supplement, in purchasing a Reverse Convertible Note, each holder and the Issuer agree to treat such Note for U.S. federal income tax purposes as a grant by the holder to the Issuer of an option on a forward contract, pursuant to which forward contract each holder will purchase from the Issuer Underlying Assets, and under which option (a) at the time of issuance of the Notes the holder deposits irrevocably with the Issuer a fixed amount of cash to assure the fulfillment of the holder's purchase obligation described in clause (d) below, (b) until maturity the Issuer will be obligated to pay interest to the holder, as compensation for the use of such cash deposit during the term of the Reverse Convertible Notes, (c) the Issuer will be obligated to pay an option premium to the holder in consideration for granting the option, which premium will be payable in a number of parts (as part of the coupon payments), (d) if pursuant to the terms of the Reverse Convertible Notes at maturity the holder is obligated to purchase Underlying Assets, then such cash deposit unconditionally and irrevocably will be applied by the Issuer in full satisfaction of the holder's purchase obligation under the Reverse Convertible Notes, and the Issuer will deliver to the holder the number of Underlying Assets that the holder is entitled to receive at that time pursuant to the terms of the Reverse Convertible Notes, and (e) if pursuant to the terms of the Reverse Convertible Notes at maturity the holder is not obligated to purchase Underlying Assets, the Issuer will return such cash deposit to the holder at maturity.

Under the above, agreed-to characterization of the Reverse Convertible Notes, (i) amounts paid to the Issuer in respect of the original issue of a Reverse Convertible Note will be treated as allocable in their entirety to the amount of the cash deposit attributable to such Note, (ii) amounts denominated as interest will be characterized as interest payable on the amount of such deposit, and will be includible in the income of a United States holder as interest in the manner described below, and (iii) amounts denominated as option premium will be characterized as option premium, and will be includible in the income of a United States holder in the manner described below. As discussed below, there is no assurance that the IRS will agree with this treatment, and alternative treatments of the Reverse Convertible Notes could result in less favorable U.S. federal income tax consequences to a holder, including a requirement to accrue income on a current basis.

Except as discussed below, under the above, agreed-to characterization of the Reverse Convertible Notes, the interest payments will be included in the income of a United States holder as interest at the time that such interest is accrued or received in accordance with such United States holder's method of accounting.

Under the above, agreed-to characterization of the Reverse Convertible Notes, the option premium payments will not be included in the income of a United States holder until the sale or other taxable disposition of the Reverse Convertible Notes or the retirement of the Reverse Convertible Notes for cash. Accordingly, all the premium payments on the Reverse Convertible Notes (except for the last premium payment) generally will not be included in the income of a United States holder when they are received. Upon the sale or other taxable disposition of the Reverse Convertible Notes or at maturity, as the case may be, the option premium payments will be treated in the manner described below.

Under the above, agreed-to, characterization of the Reverse Convertible Notes, if at maturity the Issuer pays the Reverse Convertible Notes in cash, including the last interest payment and the last option premium payment, then a United States holder (i) would include the last interest payment in income as interest in the manner described above and (ii) would recognize short-term capital gain equal to the entire amount of option premium, which amount is equal to the sum of all of the option premium payments.

Under the above, agreed-to characterization of the Reverse Convertible Notes, if at maturity under the terms of a Reverse Convertible Note the Issuer delivers the appropriate number of Underlying Assets pursuant to the United States holder's purchase obligation under the Reverse Convertible Notes and the Issuer pays the last interest payment and the last option premium payment, then such United States holder (i) will include the last interest payment in income as interest in the manner described above, (ii) will recognize no gain or loss on the purchase of Underlying Assets by application of the cash deposit and (iii) will recognize no gain or loss on the entire amount of all of the option premium payments. The United States holder will have a tax basis in such Underlying Assets equal to the United States holder's original cost for the Reverse Convertible Notes in exchange for which such United States holder received such Underlying Assets less (x) an amount equal to the entire amount of all of the option premium payments and less (y) the portion of the tax basis of the Notes allocable to any fractional share, as

described in the next sentence. A United States holder will recognize gain or loss (which will be short-term capital gain or loss) with respect to any cash received in lieu of fractional shares, in an amount equal to the difference between the cash received and the portion of the basis of the Reverse Convertible Notes allocable to fractional shares (based on the relative number of fractional shares and full shares delivered to the United States holder). A United States holder's holding period for Underlying Assets received will begin on the day following the receipt of such Underlying Assets.

If, as a result of one or more antidilution adjustments, at maturity (accelerated or otherwise) the Issuer delivers any combination of cash, shares and other property, pursuant to the United States holder's purchase obligation under the Reverse Convertible Notes, although not free from doubt, the United States holder should allocate its cash deposit (less the entire amount of the option premium payments received) pro rata to each of the cash, any shares and any other property received on a fair market value basis. Under this treatment, the United States holder generally would be taxed as described in the preceding paragraph, except that the United States holder's basis in any shares or any other property received would equal the relevant pro rata portion of its deposit (less the entire amount of the option premium payments received) allocated thereto and the United States holder would recognize short-term capital gain or loss equal to the difference between the cash received and the amount allocated thereto.

Under the above, agreed-to characterization of the Reverse Convertible Notes, upon the sale or other taxable disposition of a Reverse Convertible Note, a United States holder generally will recognize short-term capital gain or loss equal to the difference between (x) an amount equal to the amount realized on the sale or other taxable disposition (to the extent such amount is not attributable to accrued but unpaid interest or accrued OID on the Reverse Convertible Notes, as described above, which will be taxed as such) plus the amount of option premium previously paid to such United States holder, if any, and (y) such United States holder's adjusted tax basis in the Reverse Convertible Notes. A United States holder's adjusted tax basis in a Reverse Convertible Note generally will equal such United States holder's cost for that Note, except that in the case of a Short-Term Note such adjusted tax basis will be increased by any amounts included in income by the holder as OID and reduced by any interest payments made on such Note.

Due to the absence of authority as to the proper characterization of the Reverse Convertible Notes and the absence of any comparable instruments for which there is a widely accepted tax treatment, no assurance can be given that the IRS will accept, or that a court will uphold, the agreed-to characterization and tax treatment described above. Under any such alternative characterization, the timing and character of income from the Notes could differ substantially from that described above. UNITED STATES HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING POSSIBLE ALTERNATIVE CHARACTERIZATIONS OF THE REVERSE CONVERTIBLE NOTES. Under a possible alternative characterization of the Reverse Convertible Notes, for example, the IRS could seek to treat the Reverse Convertible Notes as contingent payment debt instruments, as described above under "Consequences of Notes Characterized As Debt—Linked Debt Notes and Other Notes Providing for Contingent Payments." In addition, it is possible that the IRS could maintain that amounts denominated as option premium (i) should be characterized for U.S. federal income tax purposes as interest, or (ii) should be treated as a return on the United States holder's investment in the Reverse Convertible Notes that constitutes income.

#### *Consequences of Forward Contract Notes*

Unless otherwise specified in an applicable prospectus supplement, in purchasing a Forward Contract Note, each holder and the Issuer agree to treat such Note for U.S. federal income tax purposes as a cash-settled forward contract on the value of the Underlying Asset at maturity under which an amount equal to the purchase price of the Forward Contract Notes is treated as a non-interest-bearing cash deposit to be applied at maturity in full satisfaction of the holder's payment obligation under the forward contract. (Prospective investors should note that cash proceeds of offerings will not be segregated by the Issuer during the term of the Forward Contract Notes, but instead will be commingled with the Issuer's other assets and applied in a manner consistent with the section "Use of Proceeds and Hedging" in this base prospectus and as supplemented by any "Use of Proceeds and Hedging" section in the applicable prospectus supplement.)

Under the above, agreed-to characterization, a United States holder's tax basis in a Forward Contract Note generally will equal the holder's cost for that Forward Contract Note. Upon the sale or other taxable disposition of a Forward Contract Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and the United States holder's tax basis in the Forward Contract Notes. Such gain or loss generally will be long-term capital gain or loss if the United States holder has held the Forward Contract Notes for more than one year at the time of disposition.

Under the above, agreed-to characterization, at maturity a United States holder will recognize capital gain or loss equal to any difference between the amount of cash received from the Issuer and the United States holder's tax basis in the Forward Contract Notes at that time. Such gain or loss generally will be long-term capital gain or loss if the United States holder has held the Forward Contract Notes for more than one year at maturity.

Due to the absence of authority as to the proper characterization of the Forward Contract Notes and the absence of any comparable instruments for which there is a widely accepted tax treatment, no assurance can be given that the IRS will accept, or that a court will uphold, the characterization of the Forward Contract Notes as cash-settled forward contracts and the tax treatment described above. In particular, the IRS could seek to analyze the federal income tax consequences of owning Forward Contract Notes under the Contingent Payment Regulations. Under alternative characterizations of the Forward Contract Notes, it is possible, for example, that a Forward Contract Note could be treated as including a debt instrument and a forward contract or two or more options.

It is also possible that future regulations or other IRS guidance would require holders to accrue income on the Forward Contract Notes on a current basis. The U.S. Treasury Department has issued proposed regulations that require current accrual of income with respect to contingent nonperiodic payments made under certain notional principal contracts. The preamble to the regulations states that the "wait and see" method of tax accounting does not properly reflect the economic accrual of income on such contracts, and requires a current accrual of income with respect to some contracts already in existence at the time the proposed regulations were released. While the proposed regulations do not apply to prepaid forward contracts, the preamble to the proposed regulations expresses the view that similar timing issues exist in the case of prepaid forward contracts. If the IRS published future guidance requiring current accrual of income with respect to contingent payments on prepaid forward contracts, it is possible that holders could be required to accrue income over the term of the Forward Contract Notes.

Some or all of the net long-term capital gain arising from certain "constructive ownership" transactions may be characterized as ordinary income, in which case an interest charge would be imposed on any such ordinary income. These rules have no immediate application to forward contracts in respect of the stock of most corporations (or indices on such stock). The rules, however, grant discretionary authority to the U.S. Treasury Department to expand the scope of "constructive ownership" transactions to include forward contracts in respect of the stock of all corporations. The rules separately also direct the Treasury to promulgate regulations excluding a forward contract that does not convey "substantially all" of the economic return on any underlying asset from the scope of "constructive ownership" transactions. It is not possible to predict whether such regulations will be promulgated by the U.S. Treasury Department, or the form or effective date that any regulations that may be promulgated might take. Recent Guidance and Legislation Applicable to Reverse Convertible Notes and Forward Contract Notes.

In December 2007, the IRS and U.S. Treasury Department issued a notice (the "Notice") that requests public comments on a comprehensive list of tax policy issues raised by prepaid forward contracts, which include Forward Contract Notes, and may be applicable to Reverse Convertible Notes. The Notice contemplates that such instruments may become subject to taxation on a current accrual basis under one or more possible approaches, including a mark-to-market methodology, a regime similar to the Contingent Payment Regulations and categorization of prepaid forward contracts as debt. The Notice also contemplates that all (or significant portions) of an investor's returns under prepaid forward contracts could be taxed at ordinary income rates (as opposed to capital gains rates) and the treatment of prepaid forward contracts as "constructive ownership" transactions which would result in the characterization of a portion or all of gain on the applicable Notes as ordinary income and the imposition of an interest charge on deemed underpayment of tax on ordinary income deemed deferred.

Furthermore, in December 2007, legislation was proposed (the "Proposed Legislation") that would require holders of certain prepaid forward contracts to accrue interest income on an annual basis at the minimum of the rate of accrual or crediting provided in the prepaid forward contract or at the monthly "Federal short term rate", a rate

published by the IRS on a monthly basis that is based on the market yields on short term Treasury obligations. The Proposed Legislation would apply to prepaid forward contracts acquired after the date of enactment and would have no implication as to current law. However, it is currently impossible to predict what legislation, if any, may be issued with respect to prepaid forward contracts and what guidance, if any, will be issued as a result of the Notice, and whether any such legislation or guidance could have retroactive effect.

### **Non-United States Holders**

Under U.S. federal income tax law as currently in effect, holders of Notes that are not United States persons will not be subject to U.S. federal income taxes, including withholding taxes, on payments of interest on the Notes so long as the requirements described under “Information Reporting and Backup Withholding” below are satisfied, unless such interest is effectively connected with the conduct by the holder of a trade or business in the United States.

The gain realized on any sale or exchange of the Notes by a holder that is not a United States person will not be subject to U.S. federal income tax, including withholding tax, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States.

In the Notice discussed above under “—Recent Guidance and Legislation Applicable to Reverse Convertible Notes and Forward Contract Notes,” the IRS and U.S. Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of a prepaid forward contract should be subject to withholding. It is possible that future legislation or future guidance as a result of the Notice would require withholding on payments made to non-U.S. Holders under Forward Contract Notes or Reverse Convertible Notes.

### **Information Reporting and Backup Withholding**

The Paying Agent will be required to file information returns with the IRS with respect to payments made to certain United States holders of Notes. In addition, certain United States holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the Paying Agent. Persons holding Notes who are not United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding tax.

### **French Taxation**

The following is a summary of certain tax considerations that may be relevant to holders of Notes issued by the Bank who are non-French tax residents and do not hold their Notes in connection with a business or profession conducted in France. This summary is based on laws, regulations and administrative circulars now in effect, all of which are subject to change, possibly with retroactive effect, or different interpretations. Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, holding and disposing of Notes, including the application to their particular situation of the French tax considerations discussed below.

#### *Payments on the Notes issued by the Bank*

Payments in respect of Notes issued by the Bank may be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the French Republic as provided by article 131 quater of the *Code général des impôts* (French General Tax Code), provided that the Notes are issued (or are deemed to be issued) outside France. Notes that constitute “*obligations*” or “*titres de créances négociables*” under French law, or other debt security considered by the French tax authorities as falling into similar categories, will be issued (or deemed to be issued) outside France, in accordance with Ruling N<sup>o</sup> 2007/59 of the *Direction Générale des Impôts* dated January 8, 2008.

The French tax regime applicable to any such Notes that do not constitute “*obligations*” or “*titres de créances négociables*” under French law, or other debt securities considered by the French tax authorities as falling into similar categories, will be set out in the applicable supplement.

*Taxation on sale, disposal or redemption of Notes*

Non-French resident holders of Notes who do not hold the Notes in connection with a business or profession conducted in France will not be subject to any French income tax or capital gains tax on the sale, disposal or redemption of Notes. Transfers of Notes made outside France will not be subject to any stamp duty or other transfer taxes imposed in France.

**European Directive on Taxation of Savings Income**

Under European Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg will instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent, unless during such period they elect otherwise.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to 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 an individual resident in one of those territories.

## ERISA MATTERS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain restrictions on employee benefit plans (“ERISA Plans”) that are subject to Title I of ERISA and on persons who are fiduciaries with respect to these ERISA Plans. In accordance with ERISA’s general fiduciary requirements, a fiduciary with respect to an ERISA Plan who is considering the purchase of the Notes on behalf of the ERISA Plan should determine whether the purchase is permitted under the governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA and section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but to which section 4975 of the Code applies, such as individual retirement accounts (“IRAs”) (together with any entities whose underlying assets include the assets of any such plans and with ERISA Plans, “Plans”)) and persons who have certain specified relationships to the Plan (“parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of section 4975 of the Code). A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code. A fiduciary of a Plan (including the owner of an IRA) that engages in a prohibited transaction may also be subject to penalties and liabilities under ERISA and/or the Code. Thus, a Plan fiduciary considering the purchase of the Notes should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or section 4975 of the Code.

Each of the Issuers, directly or through its affiliates, may be considered a “party in interest” or a “disqualified person” with respect to many Plans. The purchase of the Notes by a Plan with respect to which an Issuer is a party in interest or a disqualified person may constitute or result in a prohibited transaction under ERISA or section 4975 of the Code, unless the Notes are acquired pursuant to and in accordance with an applicable exemption. Certain administrative class exemptions may be available such as Prohibited Transaction Class Exemption (“PTCE”) 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 95-60 (an exemption for certain transactions involving insurance company general accounts) or PTCE 96-23 (an exemption for certain transactions determined by an in-house asset manager). In addition, the statutory exemption under section 408(b)(17) of ERISA and section 4975(d)(20) of the Code may be available, provided (i) none of the Issuers or Dealers or affiliates or employees thereof is a Plan fiduciary that has or exercises any discretionary authority or control with respect to the Plan’s assets used to purchase the Notes or renders investment advice with respect to those assets and (ii) the Plan is paying no more than adequate consideration for the Notes. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes. Any Plan fiduciary (including the owner of an IRA) considering the purchase of the Notes should consider carefully the possibility of prohibited transactions and the availability of exemptions. Governmental, church and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, may nevertheless be subject to local, state, federal or non-U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code. **ANY EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ACCOUNT, INCLUDING ANY SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, PROPOSING TO ACQUIRE ANY NOTES SHOULD CONSULT WITH ITS COUNSEL.**

By its purchase of any offered Note, the purchaser or transferee thereof (and the person, if any, directing the acquisition of the offered Note by the purchaser or transferee) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires the offered Note through and including the date on which the purchaser or transferee disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not a Plan, an entity whose underlying assets include the assets of any Plan, or a governmental, church or non-U.S. plan which is subject to any non-U.S., federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or (b) the purchase, holding and disposition of such offered Note will not result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code (or in the case of a governmental, church or non-U.S. plan, any substantially similar non-U.S., federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.



The above discussion may be modified or supplemented with respect to a particular offering of Notes, including the addition of further ERISA restrictions on purchase and transfer. In addition, if so specified in the applicable supplement, the purchaser or transferee of a Note may be required to deliver to the relevant Issuer and the relevant Agents a letter, in the form available from such Issuer and Agents, containing certain representations, including those contained in the preceding paragraph. Please consult the applicable supplement for such additional information.

## PLAN OF DISTRIBUTION

The Notes are being offered from time to time by the Issuers through BNPP Securities or one or more affiliates thereof (the “Lead Dealer”), Banc of America Securities LLC, Citigroup Global Markets Inc., Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, (each, a “Dealer” and, collectively with the Lead Dealer and any other dealers for the Notes appointed by the Issuers from time to time, the “Dealers”). The Notes may also be sold to each Dealer at a discount, as principal, for resale to investors or other purchasers at varying prices related to prevailing market prices at the time of resale, to be determined by such Dealer or, if so agreed, at a fixed public offering price. Each Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. The Issuers have reserved the right to sell Notes through one or more other dealers in addition to the Dealers and directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No commission will be payable by the Issuers to any of the Dealers on account of sales of Notes made through such other dealers or directly by such Issuer.

In addition, the Dealers may offer the Notes they have purchased as principal to other dealers. The Dealers may sell Notes to any dealer at a discount and, unless otherwise specified in the applicable supplement, such discount allowed to any dealer will not be in excess of the discount to be received by such Dealer from the relevant Issuer. Unless otherwise indicated in the applicable supplement, any Note sold to a Dealer as principal will be purchased by such Dealer at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to any agency sale of a Note of identical maturity, and may be resold by the Dealer to investors and other purchasers as described above. After the initial public offering of Notes to be resold to investors and other purchasers, the public offering price (in the case of Notes to be resold at a fixed public offering price), the concession and discount may be changed.

Pursuant to Rule 15c6-1 under the Exchange Act, trades of securities in the secondary market generally are required to settle in three business days, which we refer to as T+3. The parties to a trade, however, may agree that delivery of the relevant Series of Notes against payment may be made on a date that is later than T+3. In such case, by virtue of the fact that the initial delivery of the Notes will not be made on a T+3 basis, investors who wish to trade the Notes before a final settlement will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. The particular settlement terms of any Series of Notes will be specified in the applicable Pricing Supplement.

The Issuers have agreed to indemnify each Dealer against, or to make contributions relating to, certain civil liabilities, including liabilities under the Securities Act.

In connection with an offering of Notes purchased by one or more Dealers as principal on a fixed offering price basis, certain persons participating in the offering (including such Dealers) may engage in stabilizing and syndicate covering transactions. If required under applicable law, such transactions will be conducted in accordance with Rule 104 under the Exchange Act. Rule 104 permits stabilizing bids to purchase the underlying security so long as bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing and syndicate covering transactions may cause the price of the Notes to be higher than they would otherwise be in the absence of such transactions. These transactions, if commenced, may be discontinued at any time.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Supplement 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 stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Issuers have been advised by the Lead Dealer that it may make a market in the Notes; however, the Lead Dealer is not obligated to do so and the Issuers cannot provide any assurance that a secondary market for the Notes will develop. After a distribution of a Series of Notes is completed, because of certain regulatory restrictions arising from its affiliation with the Issuers, BNPP Securities may not be able to make a market in such Series of Notes or, except on a limited, unsolicited basis, effect any transactions for the account of any customer in such Series of Notes. Other broker-dealers unaffiliated with the Issuers will not be subject to such prohibitions.

This base prospectus and any supplement hereto may be used by affiliates of the Issuers in connection with offers and sales related to secondary market transactions in the Notes. Such affiliates may act as principal or agent in such transactions. Such sales will be made at prices related to prevailing prices at the time of a sale.

BNPP Securities, the Lead Dealer for the Notes offered hereby, is a wholly owned subsidiary of the Bank and an affiliate of the Branch and the Issuers. Any distribution of the 3(a)(2) Notes offered hereby will be made in compliance with applicable provisions of Rule 2720 of the Financial Industry Regulatory Authority, Inc. (“FINRA”), which provides that, among other things, when a FINRA member participates in such an offering, it may not execute transactions in any discretionary account without the prior specific written approval of the customer.

Each Dealer may be deemed to be an “underwriter” within the meaning of the Securities Act, and any discounts and commissions received by it and any profit realized by it on resale of the Notes may be deemed to be underwriting discounts and commissions.

Each Dealer will offer or sell the 144A Notes only within the United States to persons it reasonably believes to be “qualified institutional buyers” (within the meaning of Rule 144A) in reliance on Rule 144A.

Each Dealer has agreed that, except as permitted by the Distribution Agreement and set forth in the “Notice to Investors,” it will not offer or sell Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and it will have sent to each dealer to which it sells such Regulation S Notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of an offering of Regulation S Notes, an offer or sales of Regulation S Notes within the United States by a dealer that is not participating in such offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of 144A Notes and Regulation S Notes offered hereby in making its purchase will be deemed to have represented and agreed with the relevant Issuer of the Notes as set forth under “Notice to Investors” herein.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, 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 Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State (the “Securities”) except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (1) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a

“Non-exempt Offer”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such non-exempt offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (2) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (3) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (4) at any time 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 relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (5) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (e) above shall require the Issuer or any Dealer 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 to the public” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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.

The EEA selling restriction is in addition to any other selling restrictions set out below.

### **Selling Restrictions in France**

- (1) Each of the Dealers and the Issuers has acknowledged that the Notes are being issued outside the French Republic and, accordingly, represents and agrees that:
  - (i) no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*;
  - (ii) no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; the prospectus or any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France;
  - (iii) offers, sales and distributions of Notes have been and shall only be made in France to qualified investors (*investisseurs qualifiés*), all as defined in and in accordance with Articles L. 411-2, D. 411-1 and D. 411-2 of the *Code monétaire et financier* and applicable regulations thereunder, except that such qualified investors shall not include individuals; and

- (iv) the direct or indirect distribution to the public in France of any so acquired Notes may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.
- (2) If the Bank issues Notes that do not constitute “*obligations*” or “*titres de créances négociables*” under French law, or other debt securities considered by the French tax authorities as falling into similar categories, the above selling restrictions will be supplemented to the extent necessary in the relevant supplement.

### **Selling Restrictions in the United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (1) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (2) 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 or the Guarantor; and
- (3) 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.

## LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, New York, New York, and Paris, France, will act as U.S. and French legal counsel to the underwriters, dealers or agents. Kevin Sowerbutts, General Counsel, Corporate and Investment Banking, of the Bank, will act as legal counsel to the Bank and the Branch as to French law.

### DOCUMENTS DEEMED TO BE INCORPORATED BY REFERENCE

No financial statements for the LLC are included herein, and the LLC has not published and will not publish financial statements on an interim basis or otherwise (except for such statements, if any, that the LLC is required by applicable laws to publish), because the LLC will not have any operations independent from the Bank and the LLC's obligations under the Notes will be guaranteed by the Guarantor. In addition, so long as the LLC is not required by applicable law to publish financial statements, the LLC does not intend to furnish to the Fiscal and Paying Agent or the holders of any Notes financial statements of, or other reports relating to, the LLC. Additionally, the Branch has not and will not publish its own financial statements and is not subject to external audits by independent auditors outside of the Bank's external audits. The LLC's results of operations are reflected in the financial statements of the Bank as a whole and in the consolidated financial statements of the Group incorporated herein by reference.

We are incorporating by reference in this Base Prospectus an Information Statement relating to the Bank and the Group, dated as of May 29, 2008, and any subsequent Information Statements that become available. Such subsequent Information Statements will automatically update information in this Base Prospectus. The latest Information Statement, which includes detailed disclosure regarding the Bank's business, financial condition and results of operation, is available at the Bank's website at the following URL: <http://www.invest.bnpparibas.com/en/financial-reports/reports.asp>. In relation to each issue of Notes, this base prospectus shall be deemed to be supplemented by the applicable supplement as well as by any press releases issued by the Bank from the date hereof through the date of the applicable supplement.

Copies of the Information Statement are available to holders and prospective purchasers of the Notes upon request. In addition, so long as any Notes are outstanding, copies of the English-language version of the Group's most recent Annual Report and Interim Report (translated in full from the underlying French document), will be mailed to each person to whom this base prospectus is delivered and to subsequent holders of the Notes, upon written request mailed to BNP Paribas, New York Branch, 787 Seventh Avenue, New York, New York 10019, Attention: ALM. The Group's Annual Report and Interim Reports are also available at the Bank's website, <http://www.bnpparibas.com>.

Copies of the Guarantees are available for inspection at the principal office of the Fiscal and Paying Agent.

### AVAILABLE INFORMATION

The Bank currently furnishes certain information to the SEC in accordance with Rule 12g3-2(b) under the Exchange Act, and is one of the foreign private companies that claim exemption from the registration requirements of Section 12(g) of the Exchange Act. If, at any time, the Bank is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b), it will furnish, upon written request of a holder of any Notes or a prospective purchaser designated by such holder, the information required to be delivered pursuant to Rule 144A(d)(4) of the Securities Act.



**BNP PARIBAS**