

Securities Note



European Bank for Reconstruction and Development

RUB500,000,000 6.00% Notes due 14 February 2012 (the "Notes") (to be consolidated and form a single series with the Issuer's RUB2,000,000,000 6.00% Notes due 14 February 2012 issued on 14 February 2007, RUB1,500,000,000 6.00% Notes due 14 February 2012 issued on 25 July 2007, RUB500,000,000 6.00% Notes due 14 February 2012 issued on 25 October 2007, RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 28 February 2008 and RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 11 June 2008)

This document constitutes a securities note (the "Securities Note") for the purposes of Article 5.3 of EU Directive 2003/71/EC (the "Prospectus Directive"). This Securities Note contains information relating to the Notes. This Securities Note shall be read in conjunction with the registration document (the "Registration Document") dated 10 August 2007 containing information in respect of the European Bank for Reconstruction and Development (the "Issuer") and, if applicable, the summary note (the "Summary Note") dated 23 July 2008 conveying the essential characteristics of, and risks associated with, the Issuer and the Notes, each as prepared for the purposes of Articles 5.2 and 5.3 of the Prospectus Directive. Together, the Registration Document (including the information incorporated by reference therein), this Securities Note (including the information incorporated by reference herein) and the Summary Note shall comprise the prospectus (the "Prospectus") for the Notes, prepared for the purposes of Article 5.1 of the Prospectus Directive.

This Securities Note itself comprises a pricing supplement (the "Pricing Supplement") which sets out the specific terms and conditions of the Notes and certain information relating thereto.

Lead Manager

RBC Capital Markets

23 July 2008

The Issuer accepts responsibility for the information contained in this Securities Note and for the information contained in the Summary Note. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Securities Note and in the Summary Note is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Application has been made for the Notes to be admitted to the Official List of the UK Listing Authority (the "Official List") and to be admitted to trading on the Regulated Market (within the meaning of the Markets in Financial Instruments Directive 2004/39/EC) of the London Stock Exchange plc (the "Market"). References in the Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The relevant Pricing Supplement in respect of the Notes specifies whether or not such Notes will be admitted to the Official List and admitted to trading on the Market (or any other stock exchange).

In respect of the Notes, no person has been authorised to give any information or to make any representations other than those contained in the Prospectus and the documents incorporated by reference therein in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Lead Manager (as defined herein). Neither the delivery of the Prospectus or any document forming part of that Prospectus nor any sale made in connection therewith shall imply that the information contained therein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document concerning the same. The Lead Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any of the Notes.

In respect of the Notes, the Lead Manager has not separately verified the information contained in the Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Lead Manager as to the accuracy or completeness of the information contained in the Prospectus or any other information provided by the Issuer in connection with the Notes. The Lead Manager accepts no liability in relation to the information contained in the Prospectus or any other information provided by the Issuer in connection with the Notes.

Neither the Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Lead Manager that any recipient of the Prospectus or any other information supplied in connection with the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the tax, accounting and legal consequences of an investment in any of the Notes for such investor. Each Noteholder takes full responsibility for its decision to purchase any Notes and the terms on which it does so.

The Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Lead Manager to subscribe for, or purchase, any Notes. The distribution of the Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of the Prospectus and the offer or sale of the Notes in the United States, the United Kingdom, the European Economic Area, Japan, France, Singapore, Russia and the Netherlands.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Accordingly, no registration statement has been filed with the U.S. Securities and Exchange Commission (the "Commission"). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Notes are in bearer form ("Bearer Notes") and are subject to U.S. tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or its possessors or to, or for the account or benefit of, U.S. persons.

The information set forth herein, to the extent that it comprises a description of certain provisions of the documentation relating to the transactions described herein, is a summary and is not presented as a full statement of the provisions of such documentation. Such summary is qualified by reference to and is subject to the provisions of such documentation.

In this Securities Note, unless otherwise specified or the context otherwise requires, any references to "USD" are to United States dollars, references to "euro" or "€" are to euro, references to "RUB" are to Russian Roubles, references to "£" are to pounds Sterling and references to the "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

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Risk Factors

The Notes may involve substantial risks and are suitable only for investors who have the knowledge and experience in financial and business matters (including but not limited to investments in credit linked investments) necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Prospective investors should ensure that they understand the nature of the risks posed by, and the extent of their exposure under, the Notes.

Prospective investors should make all pertinent inquiries they deem necessary without relying on the Issuer, the Arranger, the Lead Manager, any Agent or any officers or employees of the Issuer. Prospective investors should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. However, an investor may receive less than the expected amount for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to loss of their initial investment and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.

Prospective investors should also pay specific attention to the risks highlighted below.

Market, Liquidity and Yield Considerations

Notes may not have an established trading market when issued. There can be no assurance of a secondary market for any Notes or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Notes readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

Legal Investment Considerations

Investors should be aware of the risk of Settlement Disruption Events and the consequences thereof (also see "Risk Warning" and "Investor Suitability" below). Investors should consult their own legal advisers in determining whether and to what extent Notes constitute legal investments for such investors and whether and to what extent Notes can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisers or regulators in determining the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include certain Notes. Investors should review and consider such restrictions prior to investing in any Notes.

Risk Factors relating to the Issuer

The Issuer makes loans and equity instruments and issues guarantees primarily to the private sector in its countries of operation. Changes in the macroeconomic environment and financial markets in these countries may affect the creditworthiness of the Issuer's clients. Even severe changes in the macroeconomic and financial climate should, however, not affect the Issuer's ability to repay its borrowings, which is assured above all through the Issuer's prudent provisioning policy, ample liquidity, and limitations in the Agreement Establishing the European Bank for Reconstruction and Development dated 29 May 1990 on its outstanding loans, equity investment and guarantees to the total amount of its subscribed capital, reserves and surpluses.

Of the Issuer's €20 billion of authorised share capital, €5 billion has been paid in. €15 billion is callable to cover the unlikely eventuality that the Issuer encounters difficulties meeting its

liabilities. The Issuer has among the highest quality callable capital of any multilateral development banks, with over 60 per cent. from shareholders rated AAA/Aaa and over 90 per cent. from shareholders rated investment grade, as rated by both S&P and Moody's at 31 October 2007. It is therefore unlikely that a call will not be honoured.

Risk Warning

There are significant risks associated with the Notes including, but not limited to:-

- the imposition of restrictions that would affect the acquisition, the holding and/or transfer of RUB;
- exchange rate risk;
- settlement risk;
- price risk; and
- liquidity risk.

Investors should consult their own financial, legal, accounting and tax advisors about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes (including, but not limited to, any political, economic and other factors which could affect the value of, and return on, the Notes).

Economic instability in Russia

Since the dissolution of the Soviet Union, the Russian economy has experienced:

- significant declines in gross domestic product;
- hyperinflation;
- an unstable currency;
- high government debt relative to gross domestic product;
- a weak banking system providing limited liquidity to Russian enterprises;
- high levels of loss-making enterprises that continued to operate due to the lack of effective bankruptcy proceedings;
- widespread tax evasion;
- growth of "black" and "grey" market economies;
- high levels of corruption and the penetration of organised crime into the economy;
- pervasive capital flight;
- significant increases in unemployment and underemployment; and
- high poverty levels amongst the Russian population.

The Russian economy has been subject to abrupt downturns. In particular, on 17 August 1998, in the face of a rapidly deteriorating economic situation, the Russian government defaulted on its RUB-denominated securities, the Central Bank of Russia ("CBR") stopped its support of the RUB and a temporary moratorium was imposed on certain hard currency payments. These actions resulted in an immediate and severe devaluation of the RUB and a sharp increase in the rate of inflation, a dramatic decline in the prices of Russian debt and

equity securities and an inability of Russian issuers to raise funds in the international capital markets.

These problems were aggravated by the near collapse of the Russian banking sector after the events of 17 August 1998, as evidenced by the revocation of the banking licences of a number of major Russian banks. This further impaired the ability of the banking sector to act as a consistent source of liquidity to Russian companies, and resulted in the losses of bank deposits in some cases.

Concurrently with the implementation of political reforms, the Russian government has been attempting to carry out economic reforms and stabilise the economy. These policies have involved removing pricing restrictions, reducing defence expenditures and subsidies, privatising state-owned enterprises, reforming the tax and bankruptcy systems, and introducing legal structures designed to facilitate private, market-based activities, foreign trade and investment. Of late, the pace of these economic reforms has slowed, and there appears to be a disagreement within the Russian government on how to proceed with further proposed reforms.

There can be no assurance that recent trends in the Russian economy – such as the increase in the gross domestic product, a relatively stable RUB and a reduced rate of inflation – will continue or will not be abruptly reversed. Moreover, fluctuations in international oil and gas prices, the strengthening of the RUB in real terms relative to the USD and the consequences of a relaxation in monetary policy in Russia, or other factors, could adversely affect Russia's economy and the value of the Notes as they will be denominated in RUB.

The ability of the Russian government and the CBR to limit the volatility of the RUB will depend on many political and economic factors. According to the CBR, inflation in Russia was 12.0% in 2003, 11.7% in 2004 and, according to the Russian Federal Service for State Statistics, 10.9% in 2005, 9.0% in 2006 and 11.9% in 2007. Any return to high and sustained inflation could lead to market instability and new financial crises, which could lead to, among other things, a fall of the RUB and/or an increase of RUB interest rates and, thus, adversely affect the value of the Notes.

Settlement Disruption Events and calculation of the Exchange Rate

The Notes are subject to Settlement Disruption Events in the Russian Federation whereby non-residents of the Russian Federation may be subject to regulations restricting their ability to, among others, obtain, purchase, hold or transfer RUB. The Russian Federation has a long history of maintaining currency restrictions, and notwithstanding recent measures to liberalise the currency regime, investors face the risk that restrictions may be imposed during the term of the Notes that would constitute a Settlement Disruption Event (as determined by the Calculation Agent). Such an event may result in a delay of payments due from the Issuer under the Notes and in such payments having to be converted and paid in USD rather than RUB.

Investors should be aware that the methodology for determining the Exchange Rate for converting RUB into USD may result in a Fixed Interest Amount (payable pursuant to paragraph 17 herein), the Final Redemption Amount or any Early Redemption Amount (as the case may be) of the Notes being significantly less than anticipated. It is not certain that the Calculation Agent will be able to establish a meaningful Exchange Rate for converting RUB into USD rate in such a scenario. The determination of the Exchange Rate by the Calculation Agent may result in a rate of zero, and in this case the Fixed Interest Amount (payable pursuant to paragraph 17 herein), the Final Redemption Amount and/or any Early Redemption Amount (as the case may be) of the Notes payable by the Issuer would also be zero.

Investors should also be aware that JP Morgan Chase Bank may face conflicts of interest in relation to its role as Calculation Agent for the Notes in determining the occurrence of a

Settlement Disruption Event and in determining the Exchange Rate for converting RUB into USD upon such an event. JP Morgan Chase Bank is required to carry out its duties as Calculation Agent in good faith and using its reasonable judgement, however investors should be aware that any such determination may potentially adversely affect the amount payable to Noteholders under the Notes and that potential conflicts of interest could arise.

Further, investors should be aware that a Fixed Interest Date, the Maturity Date and/or the date fixed for early redemption (if any) pursuant to Condition 5(d) of the Notes (the "Early Redemption Date"), as the case may be, may be postponed and that no additional amounts shall be payable by the Issuer in respect of any delay in payment resulting from such postponement.

Risks associated with debt instruments that are both denominated and settled in RUB

Offerings of debt instruments that are both denominated and settled in RUB, such as the Notes, are a recent phenomenon in the international capital markets. This, coupled with inexperience of the clearing systems and the Russian and international banking systems in dealing with RUB payments and RUB accounts, could lead to unforeseen difficulties, which may have an adverse effect on the liquidity, marketability or trading price of the Notes. In particular:

- Debt instruments that are both denominated and settled in RUB have not previously been accepted for clearance through the clearing systems. RUB became an eligible settlement currency of Clearstream, Luxembourg with effect from 15 January 2007 and of Euroclear with effect from 13 February 2007. Due to the lack of experience of the clearing systems with settling, clearing and trading debt instruments that are both denominated and settled in RUB, there can be no guarantee that such clearing, settlement and trading procedures will progress smoothly or in a way which is comparable to procedures carried out with respect to instruments denominated in more conventionally settled currencies, such as USD or euros.
- Russian law previously prohibited or otherwise severely restricted the transfer and holding of RUB offshore and their repatriation onshore. Although these restrictions have been lifted for non-residents (save for some restrictions which apply to the regime of residents' accounts held outside of Russia), there is still no specific tested framework under Russian law for transferring or holding in offshore RUB accounts. As with much recent Russian legislation, there is extremely limited or non-existent regulatory or court practice in interpreting these regulations. If restrictions or prohibitions were placed on the transfer and holding of RUB offshore or if such legislation was reinterpreted by the Russian regulators or courts to the effect that restrictions were still deemed to apply to the transfer and holding of RUB offshore, this would severely hinder Noteholders' ability to receive payments of principal or interest under the Notes or proceeds from the sale of the Notes.
- Payments of principal and interest under the Notes and proceeds from the sale of the Notes will be made in RUB. All payments of RUB to, from, or between RUB accounts located outside Russia will involve the use of onshore correspondent accounts within the Russian banking system. The Russian banking system is less developed than many of its Western counterparts and at present has little experience in dealing with payments relating to eurobonds or similar international debt instruments. Consequently there is a risk that payments of both principal and interest under the Notes and proceeds from the sale of the Notes, which need to pass through the Russian banking system, will be subject to delays and disruptions which may not exist in more mature banking markets.
- In order for Noteholders to remove payments of principal and interest on the Notes and proceeds from the sale of the Notes from the clearing systems in RUB, they will

need to hold a bank account denominated in RUB. The administrative difficulties associated with opening RUB accounts outside Russia are significant. Non-resident Noteholders may also encounter considerable procedural difficulties with opening RUB accounts onshore in Russia. There can therefore be no guarantee that Noteholders will be able to successfully open up a RUB bank account either offshore or in Russia or transfer RUB payments made under the Notes out of the clearing systems.

Investor Suitability

The purchase of the Notes involves substantial risks and is not suitable for all investors

Each prospective investor must determine, based on its own independent review and such professional tax and accounting advice as it deems appropriate under the circumstances, that its acquisition and holding of the Notes is fully consistent with its financial needs, objectives and conditions, and complies and is fully consistent with, all investment policies, guidelines and restrictions applicable to it. None of the Issuer, the Lead Manager or the Calculation Agent acts as an investment adviser, or assumes any fiduciary obligation, to any prospective purchaser of the Notes.

In particular, but without prejudice to the generality of the above paragraph, prospective investors should note that an investment in the Notes is only suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;
- (ii) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (iii) are acquiring the Notes for their own account for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (iv) who will recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

Understanding and appropriateness of the investment

Each investor (a) should be an investor with substantial knowledge of and/or experience in financial and business matters that it is capable of evaluating the merits and risks (including tax, legal, regulatory and accounting) of an investment in the Notes because the Notes are not an appropriate investment for investors who are unsophisticated with respect to such transactions; (b) should be financially able to bear such risks; (c) in making such investment shall not rely on any advice or recommendations of or any information, representation or warranty provided by the Lead Manager, the Calculation Agent and/or any of their respective affiliates, the Issuer or any of their respective representatives; (d) should recognise that it may not be possible to make any transfer of the Notes for a substantial period of time; and (e) should seek advice from such advisors as such investor considers necessary and appropriate, to enable such investor to make its own independent decision with regard to the suitability and appropriateness of the Notes as an investment for its own account. Each investor should be capable of assessing and independently deciding, and should have assessed and independently decided, to assume the risks of an investment in the Notes.

Each investor in the Notes should consider the tax consequences of investing in the Notes. None of the Issuer, the Lead Manager or any of their respective representatives makes any representation or has given, or will give, any advice to potential investors concerning the appropriate accounting treatment or possible tax consequences of purchasing the Notes. Each investor should consult its own financial, tax, accounting and legal advisors about risks associated with an investment in the Notes and the suitability of investing in such Notes in light of the investor's particular circumstances.

Any information communicated (in any manner) to investors by the Issuer or the Lead Manager should not be relied upon as investment advice or as a recommendation to invest in the Notes, which shall include, amongst other things, any such information, explanations or discussions concerning the terms and conditions of the Notes, or related features.

Investment in the Notes should comply, and be fully consistent, with all investment policies, guidelines and restrictions applicable to an investor. It is the responsibility of each investor to ensure that it is compliant with all regulations relevant to its acquisition of the Notes and that it is lawful for it to enter into such investment.

Any information communicated (in any manner) to investors by the Issuer or the Lead Manager should not be relied upon, nor shall such be deemed to be an assurance or guarantee, as to the expected results of an investment in the Notes. Each investor should be aware that any return on the Notes may not exceed or even equal the return that might have been achieved had the amount of its initial investment been placed on deposit for the same period.

Each investor should be aware that neither the Issuer, the Lead Manager nor the Calculation Agent is acting as a fiduciary or trustee for, or as an advisor to the investor with regard to the investment in the Notes.

Investment considerations relating to the Notes

Investment in the Notes carries with it a degree of risk including, but not limited to, the risks referred to below.

The level of the RUB/USD Rate may go down as well as up. Prospective investors may receive an amount less than their initial investment.

An investment in the Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the RUB/USD Rate and the possibility that a holder of the Notes will receive a lower amount of interest, repayment or other consideration than the holder expected. Depending on the Exchange Rate to be determined by the Calculation Agent upon a Settlement Disruption Event, such amount or amounts can even be zero. The Issuer has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including economic, financial and political events.

Past performance of the RUB/USD Rate is not necessarily indicative of future performance.

Risks relating to the Notes

No assurances can be made that any meaningful secondary market will develop in the Notes. The Lead Manager may, but is not obligated to, make a market in the Notes. The Lead Manager may discontinue any market-making activities at any time without notice. In addition, the Notes may be transferred except to qualified investors in accordance with applicable private offering rules. If an active public market for the Notes does not develop, the market prices and liquidity of the Notes may be adversely affected.

Volatility is the term used to describe the size and frequency of price and/or market fluctuations. If the volatility, or anticipated volatility, of the RUB/USD Rate increases or decreases, the trading value of the Notes may be adversely affected.

We expect that changes in interest rates will affect the trading value of the Notes. In general, if interest rates increase, we expect that the trading value of the Notes will increase and, conversely, if interest rates decrease, we expect that the trading value of the Notes will decrease. If interest rates increase or decrease in markets based on any of the RUB or the USD, the trading value of the Notes may be adversely affected. Interest rates may also affect

the economies of the Russian Federation or the United States, and, in turn, the exchange rates and therefore the value of the RUB/USD Rate.

THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD THE NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTION HEADED "RISK FACTORS" ON PAGES 10 AND 11 OF THE BASE PROSPECTUS.

Documents Incorporated by Reference

The following sections from the Base Prospectus of the Issuer dated 10 August 2007 relating to the Programme (the "Base Prospectus") shall be incorporated in, and form part of this Securities Note, save that any statement contained herein or in a document all or the relevant portion of which is incorporated by reference herein shall be modified or superseded for the purpose of this Securities Note to the extent that a statement contained in any such subsequent document all or the relative portion of which is incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise):

Summary of the Programme	on pages 5 to 9
Risk Factors	on pages 10 to 11
General Description of the Programme	on page 14
Use of Proceeds	on page 42
Issue Procedures	on pages 43 to 44
Clearance and Settlement of Global Notes in Book Entry Form	on pages 61 to 63
Subscription and Sale	on pages 68 to 71
General Information	on pages 72 to 73

The Issuer will provide, without charge, to each person to whom a copy of this Securities Note has been delivered, upon the oral or written request of such person, a copy of the aforementioned sections incorporated herein by reference. Written or telephone requests for such material should be directed to the Issuer at its principal office set out at the end of this Securities Note.

Pricing Supplement

23 July 2008

**European Bank for Reconstruction and Development (the "Issuer")
RUB500,000,000 6.00% Notes due 14 February 2012 (the "Notes")
(to be consolidated and form a single series with the Issuer's
RUB2,000,000,000 6.00% Notes due 14 February 2012 issued on 14 February 2007,
RUB1,500,000,000 6.00% Notes due 14 February 2012 issued on 25 July 2007,
RUB500,000,000 6.00% Notes due 14 February 2012 issued on 25 October 2007,
RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 28 February 2008
and RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 11 June 2008)
issued pursuant to a Global Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 August 2006. This Pricing Supplement must be read in conjunction with the Base Prospectus dated 10 August 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the Conditions which are extracted from the Base Prospectus dated 10 August 2006 and are attached hereto as Annex C, the Registration Document, the Securities Note and the Summary Note. Full information on the Issuer and the Notes is only available on the basis of the combination of this Pricing Supplement, the Base Prospectuses dated 10 August 2006 and 10 August 2007, the Registration Document, the Securities Note and the Summary Note. The Base Prospectuses, the Registration Document, the Securities Note and the Summary Note are available for viewing and copies may be obtained from EBRD, One Exchange Square, London, EC2A 2JN, United Kingdom.

SUMMARY OF THE NOTES

1	Specified Currency:	Russian Rouble ("RUB")
2	Nominal Amount:	RUB500,000,000
3	Type of Note:	Fixed Rate
4	Issue Date:	25 July 2008
5	Issue Price:	99.275 per cent. plus 162 days' accrued interest on the Nominal Amount (calculated per denomination of RUB50,000 on 10,000 Notes) from and including 14 February 2008 to but excluding the Issue Date
6	Maturity Date:	14 February 2012
7	Fungible with existing Notes:	Yes The Notes will be consolidated and form a single series with the Issuer's RUB2,000,000,000 6.00% Notes due 14 February 2012 issued on 14 February 2007, the Issuer's RUB1,500,000,000 6.00% Notes due 14 February 2012 issued on 25 July 2007, the Issuer's RUB500,000,000 6.00% due 14 February 2012 issued on 25 October 2007, the

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| 8 | Pricing Supplement to be read in conjunction with Base Prospectuses dated: | Issuer's RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 28 February 2008 and the Issuer's RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 11 June 2008 on exchange of the temporary Global Note for the permanent Global Note (which is expected to be no less than 40 days after the Issue Date subject to certification as to non-US beneficial ownership) |
| | | 10 August 2006 and 10 August 2007 |

FORM OF THE NOTES

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|-----------|----------------------------|--|
| 9 | Form of Note: | Bearer |
| 10 | New Global Note: | No |
| 11 | Specified Denomination(s): | RUB50,000 |
| 12 | Exchange of Bearer Notes: | <p>Temporary Global Note exchangeable for a permanent Global Note on certification as to non-US beneficial ownership on or after 40 days after the Issue Date and thereafter permanent Global Note exchangeable only upon an Exchange Event. Upon issue of the temporary Global Note, the temporary Common Codes and ISIN will be those set out in paragraphs 35(i)(a) and 35(ii)(a), respectively, of Part A of this Pricing Supplement.</p> <p>Upon exchange of the temporary Global Note for the permanent Global Note, the Notes will be consolidated with and form a single series with the Issuer's RUB2,000,000,000 6.00% Notes due 14 February 2012 issued on 14 February 2007, RUB1,500,000,000 6.00% Notes due 14 February 2012 issued on 25 July 2007, RUB500,000,000 6.00% Notes due 14 February 2012 issued on 25 October 2007, RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 28 February 2008 and RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 11 June 2008 and the Common Codes and ISIN will be those set out in paragraphs 34(i)(b) and 34(ii)(b), respectively, of Part A of this Pricing Supplement.</p> |

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| 13 | (a) Talons for future Coupons to be attached to definitive Bearer Notes: | No |
| | (b) Date(s) on which the Talons mature: | Not Applicable |
| 14 | (a) Registered holder of Registered Global Note: | Not Applicable |
| | (b) Exchange of Registered Global Note: | Not Applicable |

PROVISIONS RELATING TO INITIAL PAYMENT

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|-----------|--------------------|----|
| 15 | Partly Paid Notes: | No |
|-----------|--------------------|----|

PROVISIONS RELATING TO INTEREST

- | | | |
|-----------|-----------------------------|------------------|
| 16 | Interest Commencement Date: | 14 February 2008 |
|-----------|-----------------------------|------------------|

Fixed Rate Notes:

- | | | |
|-----------|--|--|
| 17 | (a) Fixed Rate(s) of Interest: | 6.00 per cent. per annum |
| | (b) Fixed Interest Date(s): | 14 February in each year commencing 14 February 2009 subject to adjustment for payment purposes in accordance with the business day convention specified below (subject to the provisions set out in Annex A hereto) |
| | (c) Initial Broken Amount per Specified Denomination: | Not Applicable |
| | (d) Final Broken Amount per Specified Denomination: | Not Applicable |
| | (e) Fixed Day Count Fraction: | Actual/Actual - ICMA |
| | (f) Business Day Convention: | Following |
| | (g) Business Day definition if different from that in Condition 4(a)(iii): | Condition 4(a)(iii) applies (and for the avoidance of doubt, Moscow shall be the principal financial centre). London and New York City shall be additional business centres. |
| | (h) Calculation of interest to be adjusted in accordance with Business Day Convention specified above: | No |
| 18 | Zero Coupon Notes: | Not Applicable |
| 19 | Floating Rate Notes and Indexed Notes: | Not Applicable |

PROVISIONS REGARDING PAYMENTS/DELIVERIES

- | | | |
|-----------|---|--|
| 20 | Definition of "Payment Day" for the purpose of Condition 6(e) if different to that set out in Condition | Condition 6(e) applies subject to the provisions set out in Annex A hereto |
|-----------|---|--|

6:

21 Dual Currency Notes: Not Applicable

22 Physically Settled Notes: Not Applicable

PROVISIONS REGARDING REDEMPTION/MATURITY

23 (a) Redemption at Issuer's option: No

(b) Redemption at Noteholder's option: No

24 (a) Final Redemption Amount for each Note (*other than an Indexed or Formula Note where the index or formula applies to the redemption amount*): 100 per cent. subject to the provisions set out in Annex A hereto

(b) Final Redemption Amount for each Indexed Note where the Index or Formula applies to the Final Redemption Amount: Not Applicable

25 Instalment Note: Not Applicable

26 Early Redemption Amount for each Note payable on an event of default: 100 per cent. subject to the provisions set out in Annex A hereto

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

27 Method of distribution: Non-syndicated

28 If syndicated, names and addresses of Managers or, if non-syndicated name of Purchaser: Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London EC4V 4DE
United Kingdom

29 Date of Syndication Agreement: Not Applicable

30 Stabilising Manager(s): None

31 Non-exempt Offer: Not Applicable

32 Additional selling restrictions: **Russia**
The Purchaser has represented and agreed that it has not offered or sold or otherwise transferred and will not offer or sell or otherwise transfer the Notes as part of their initial distribution or at any time thereafter to or for the benefit of any person (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation, unless to the extent otherwise permitted by Russian laws or regulations.

33	Details of additional/alternative clearing system approved by the Issuer and the Agent:	Not Applicable
34	Intended to be held in a manner which would allow Eurosystem eligibility:	No
35	(i) (a) Temporary Common Code: (b) Permanent Common Code:	037981150 028324936
	(ii) (a) Temporary ISIN Code: (b) Permanent ISIN Code:	XS0379811507 XS0283249364
	(iii) CUSIP Number:	Not Applicable
36	Listing:	Official List of the UK Listing Authority and trading on the Market
37	In the case of Notes denominated in the currency of a country that subsequently adopts the euro in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, whether the Notes will include a redenomination clause providing for the redenomination of the Specified Currency in euro (a "Redenomination Clause"), and, if so specified, the wording of the Redenomination Clause in full and any wording in respect of redenominationalisation and/or consolidation (provided they are fungible) with other Notes denominated in euro.	Not Applicable
38	Additional Information:	The provisions set out in Annex A shall apply to the Terms and Conditions in accordance herewith.
39	Total Commissions:	1.875 per cent.

For and on behalf of
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Authorised signatory

This Pricing Supplement comprises the pricing supplement required for issue and admission to trading on the London Stock Exchange's Regulated Market of the Notes described herein pursuant to the Euro 20,000,000,000 Global Medium Term Note Programme of European Bank for Reconstruction and Development (as from 25 July 2008).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. The information set out in Annex B hereto is extracted from Bloomberg. The Issuer confirms that such information has been accurately reproduced and that so far as the Issuer is aware, and is able to ascertain from information published by Bloomberg, no facts have been omitted which would render the reproduced information inaccurate or misleading.

.....

CITIBANK, N.A.
(as Agent)

PART B – OTHER INFORMATION

1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market on 25 July 2008 with effect from 25 July 2008.
- The Notes are to be consolidated and form a single series with the Issuer's RUB2,000,000,000 6.00% Notes due 14 February 2012 issued on 14 February 2007, RUB1,500,000,000 6.00% Notes due 14 February 2012 issued on 25 July 2007, RUB500,000,000 6.00% Notes due 14 February 2012 issued on 25 October 2007, RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 28 February 2008 and RUB1,000,000,000 6.00% Notes due 14 February 2012 issued on 11 June 2008 which are listed and admitted to trading on the London Stock Exchange's Regulated Market.

2 RATINGS

The Issuer and/or its debt obligations have been assigned a AAA credit rating from Standard & Poor's Ratings Services Limited ("S&P") since 1991, a Aaa credit rating from Moody's Investors Service Limited ("Moody's") since 1992 and a AAA credit rating from Fitch Ratings Limited ("Fitch") since 2002. As defined by S&P, a "AAA" rating means that the ability of the Issuer to meet its financial commitment on its obligations is extremely strong. As defined by Moody's, a "Aaa" rating means that the Issuer's ability to meet its financial obligations is judged to be of the highest quality, with minimal credit risk. As defined by Fitch, a "AAA" rating denotes the lowest expectation of credit risk and means that the Issuer has an exceptionally strong capacity for timely payment of its financial commitments.

3 NOTIFICATION

Not Applicable

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Annex A

Settlement Disruption Event and Fallback Provisions

All payments in respect of the Notes will be made in RUB, subject to the occurrence of a Settlement Disruption Event (as defined below) and will in all cases be subject to any fiscal or other laws and regulations applicable thereto.

If the Calculation Agent (as defined below) determines (in its sole discretion acting in good faith and in a commercially reasonable manner) that a Settlement Disruption Event has occurred or is subsisting during the Determination Period (as defined below):

- A. The Calculation Agent shall notify the Issuer and the Agent of its determination as soon as practicable after making such determination (but in no event later than 8.00 a.m. London time one (1) Business Day thereafter) whereupon the Agent shall as soon as practicable thereafter (but in no event later than one (1) Business Day after receipt of the aforementioned notice from the Calculation Agent) notify the Noteholders thereof (in accordance with Condition 13 of the Notes), and
- B. Noteholders will not be entitled to any amounts in respect of the Notes until the earlier to occur of (i) the day falling two Business Days after the day on which the Issuer is notified by the Calculation Agent that a Settlement Disruption Event no longer subsists and (ii) the Postponed Fixed Interest Date (as defined below), the Postponed Maturity Date (as defined below), or the Postponed Early Redemption Date (as defined below), as the case may be.

If a Settlement Disruption Event no longer subsists, the Calculation Agent shall notify the Issuer and the Agent thereof as soon as practicable on or after the Business Day on which the Settlement Disruption Event no longer subsists (but in no event later than one (1) Business Day thereafter) whereupon the Agent shall as soon as practicable thereafter (but in no event later than one (1) Business Day after receipt of the aforementioned notice from the Calculation Agent) notify the Noteholders thereof (in accordance with Condition 13 of the Notes).

If any amount is to be paid on a Postponed Fixed Interest Date, Postponed Maturity Date or Postponed Early Redemption Date (as the case may be), payment shall instead be made in United States Dollars ("USD") and shall be calculated by the Calculation Agent (and promptly (but in no event later than two Business Days before the Postponed Fixed Interest Date, Postponed Maturity Date or Postponed Early Redemption Date (as the case may be)) notified to the Agent and the Issuer) in an amount per Specified Denomination which shall be equal to the greater of zero and the amount produced by the following provisions, such amount to be rounded to the nearest whole cent (with 0.5 cent being rounded upwards):

$$[\text{Relevant RUB Amount} \div \text{Exchange Rate}]$$

For the avoidance of doubt, no additional amounts shall be payable by the Issuer in respect of any delay in payment resulting from the operation of the provisions of these "Settlement Disruption Event and Fallback Provisions".

For the purposes of these provisions:

"Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Moscow, London, and New York City.

"Calculation Agent" means JP Morgan Chase Bank in accordance with the provisions of the Calculation Agency Agreement entered into between the Issuer and the Calculation Agent dated 9 February 2007 (as amended and/or supplemented from time to time). All references to the Calculation Agent shall include any successor or successors to JP Morgan Chase Bank as Calculation Agent in respect of the Notes. The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under the Notes and pursuant to the Calculation Agency Agreement shall (in the absence of manifest error) be final and binding on all parties

(including, but not limited to, the Issuer and the Noteholders) and shall be made in its sole discretion in good faith and in a commercially reasonable manner in accordance with the Calculation Agency Agreement. In performing its duties under the Notes, the Calculation Agent shall act in accordance with the Calculation Agency Agreement. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes or the Calculation Agency Agreement including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance;

“Determination Period” for the purpose of the “Settlement Disruption Event and Fallback Provisions” means (i) in relation to any Fixed Interest Date, the period which falls between five and three Business Days (inclusive) preceding any relevant Fixed Interest Date, as adjusted in accordance with the Following Business Day Convention; (ii) in relation to the Maturity Date, the period which falls between five and three Business Days (inclusive) preceding the Maturity Date, as adjusted in accordance with the Following Business Day Convention; and (iii) in relation to any Early Redemption Date, as adjusted in accordance with the Following Business Day Convention, the period which falls between five and three Business Days (inclusive) preceding any Early Redemption Date, as the case may be;

“Exchange Rate” means the average of such firm quotes (expressed in RUB per 1 USD) as the Calculation Agent is able to obtain from the Reference Dealers (as defined below) for the sale of RUB and the purchase of USD, on the day falling two Business Days prior to the Postponed Fixed Interest Date, Postponed Early Redemption Date (if any) or the Postponed Maturity Date (as the case may be). The highest and lowest of such quotes will be disregarded and the arithmetic mean of the remaining quotations shall be the Exchange Rate, provided, however, that if fewer than four (but at least two) Reference Dealers provide such a firm quote then the average of the quotes actually obtained shall apply. If only one Reference Dealer provides a firm quote then such quote shall apply, and if no Reference Dealer provides such a firm quote, then the Calculation Agent, acting in good faith and in a commercially reasonable manner, shall establish the Exchange Rate in its sole discretion, which may result in an exchange rate of zero;

“Postponed Fixed Interest Date” means the tenth Business Day following the originally scheduled Fixed Interest Date;

“Postponed Early Redemption Date” means the tenth Business Day following the Early Redemption Date (if any);

“Postponed Maturity Date” means the tenth Business Day following the originally scheduled Maturity Date;

“Reference Dealers” means five leading dealers, banks or banking corporations, which deal in the RUB /USD exchange market, selected by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner;

“Relevant RUB Amount” means the RUB amount per Specified Denomination which would have been payable on the relevant date if the Settlement Disruption Event had not occurred; and

“Settlement Disruption Event” means, as determined by the Calculation Agent in its sole discretion acting in good faith and in a commercially reasonable manner, the imposition of laws or regulations by the Central Banking Authority or other legislative, governmental or regulatory authority of the Russian Federation which (a) require non-residents of the Russian Federation to obtain permission from such Central Banking Authority or other authority to obtain RUB, or (b) otherwise restrict a non-resident’s ability to obtain RUB, or (c) otherwise regulate the purchase or holding of RUB by non-residents of the Russian Federation such that costs are imposed in obtaining RUB which would not be imposed in the absence of such regulations, or (d) has the direct or indirect effect of hindering, limiting or restricting the transfer of RUB between non-residents of the Russian Federation.

Annex B Historical Data

The following table summarises certain historical information regarding the RUB/USD FX Rate since 1 January 2001.

Period	High	Low
01/01/2001 – 31/12/2001	30.5050	28.1600
01/01/2002 – 31/12/2002	31.9550	30.4650
01/01/2003 – 31/12/2003	31.9550	29.2390
01/01/2004 – 31/12/2004	29.2755	27.7200
01/01/2005 – 31/12/2005	28.9814	27.4487
01/01/2006 – 31/12/2006	28.7414	26.1735
01/01/2007 – 31/12/2007	26.6019	24.2875
01/01/2008 – 30/06/2008	24.7885	23.3181

Source: Bloomberg

The delivery of these Final Terms does not imply any representation on the part of the Issuer, the Calculation Agent or the Lead Manager or any other person that any such information is correct.

THE LEAD MANAGER AND THE ISSUER DO NOT MAKE ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION WHATSOEVER AS TO THE RESULTS TO BE OBTAINED FROM AN INVESTMENT IN THE NOTES. THE FOREGOING INFORMATION IS BASED UPON PUBLICLY AVAILABLE INFORMATION AS PUBLISHED BY THE APPLICABLE SOURCE. HOWEVER, NEITHER THE LEAD MANAGER NOR ANY OF ITS AFFILIATES SHALL BE LIABLE (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY ERROR IN THE INFORMATION SET FORTH ABOVE NOR SHALL IT OR ANY SUCH AFFILIATE BE UNDER ANY OBLIGATION TO ADVISE ANY PERSON OF ANY ERROR THEREIN.

Annex C

Terms and Conditions of The Notes

This Note is one of a Series of the Notes (“Notes”, which expression shall mean (i) in relation to any Notes represented by a Note in global form (a “Global Note”), units of the lowest Specified Denomination in the Specified Currency of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note) issued subject to, and with the benefit of, an amended and restated Agency Agreement dated 10 August 2006 (the “Agency Agreement”) and made between European Bank for Reconstruction and Development (the “Issuer”), Citibank, N.A. as issuing agent, principal paying agent, agent bank and, if so specified in the applicable Pricing Supplement, calculation agent and/or determination agent, as the case may be, (the “Agent”, which expression shall include any successor as agent or any other calculation agent and/or determination agent, as the case may be, specified in the applicable Pricing Supplement), Citibank, N.A., as registrar (the “Registrar”, which expression shall include any successor registrar) and the other paying agents named therein (together with the Agent, the “Paying Agents” which expression shall include any additional or successor paying agents).

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue which are denominated in the same currency and which have the same Maturity Date, 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 or not 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 Pricing Supplement for this Series of Notes specifies other Terms and Conditions which are in addition to, or inconsistent with, these Terms and Conditions, such new Terms and Conditions shall apply to this Series of Notes.

The holders for the time being of the Notes (“Noteholders”), which expression shall, in relation to any Notes represented by a Global Note, be construed as provided in Condition 1, the holders of the Coupons (as defined below) appertaining to interest-bearing definitive Bearer Notes (the “Couponholders”), the holders of the Talons (as defined below) (the “Talonholders”) and the holders of the Receipts (as defined below) (the “Receiptholders”) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing 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 Agency Agreement. Copies of the Agency Agreement (which contains the form of Pricing Supplement) and the Pricing Supplement for the Notes of this Series are available from the principal office of the Agent and the Paying Agents set out at the end of these Terms and Conditions.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the amended and restated Deed of Covenant (the “Deed of Covenant”) dated 10 August 2006 and made by the Issuer. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

Any reference herein to The Depository Trust Company and/or Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

Words and expressions defined in the Agency Agreement or defined or set out in the applicable Pricing Supplement (which term, as used herein, means, in relation to this Note, the Pricing Supplement attached hereto or endorsed hereon) shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination, Title and Transfer

The Notes are in bearer form (“Bearer Notes”) or registered form (“Registered Notes”) in the Specified Currency and Specified Denomination(s) and definitive Notes will be serially numbered. This Note is to the extent specified in the applicable Pricing Supplement a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note or a Dual Currency Note, or any appropriate combination thereof. If it is a definitive Bearer Note, it is issued with coupons for the payment of interest (“Coupons”) attached, and if applicable talons for further Coupons (“Talons”) attached unless it is a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons in these Terms and Conditions are not applicable. If it is a definitive Bearer Note redeemable in instalments it is issued with receipts (“Receipts”) for the payment of instalments of principal prior to stated maturity attached. Wherever Dual Currency Notes or Indexed 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 Indexed Notes. Any reference in these Terms and Conditions to Coupon(s), Couponholder(s) or coupon(s) shall, unless the context otherwise requires, be deemed to include a reference to Talon(s), Talonholder(s) or talon(s).

Subject as set out below, title to the Bearer Notes, the Coupons and Receipts will pass by delivery. The holder of each Coupon or Receipt, whether or not such Coupon or Receipt is attached to a Bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer and any Paying Agents may deem and treat the bearer of any Bearer Note, Coupon or Receipt as the absolute owner thereof (whether or not such Bearer Note, Coupon or Receipt shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out below.

The Issuer has appointed the Registrar at its office specified below to act as registrar in respect of the Registered Notes. The Issuer shall cause to be kept at the specified office of the Registrar for the time being a register (the “Register”) on which shall be entered, inter alia, the names and addresses of the holders of the Registered Notes and particulars of all transfers of title to the Registered Notes. The Issuer and the Registrar may deem and treat the registered owner of a Registered Note as the absolute owner thereof (whether or not such Note shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof). The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar provided that it will at all times maintain a Registrar. Notice of any termination or appointment and of any changes in specified offices will be given to the Registered Noteholders promptly by the Issuer in accordance with Condition 13.

A Global Note in registered form (a “Registered Global Note”) may be transferred, in whole, to another nominee for The Depository Trust Company or other common depository for Euroclear and Clearstream, Luxembourg or such other clearing system and common depository or person as may be specified in the applicable Pricing Supplement or otherwise as may be specified separately in the applicable Pricing Supplement, by the registered holder depositing the Registered Global Note at the specified office of the Registrar with the form of transfer attached thereto duly completed and signed by or on behalf of the transferor, upon payment of any applicable taxes or other governmental charges and upon the Registrar, after due and careful enquiry, being satisfied with the title and identity of the person making the request and subject to such other reasonable regulations as the Issuer and the Registrar may prescribe, all as described in the Agency Agreement. Subject as provided above, the Registrar will, within three business days of such deposit (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver a new Registered Global Note at its

specified office to and in the name of the transferee. Notwithstanding the above provisions the holder of a Registered Global Note may not require the transfer of a Registered Global Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on the Registered Global Note.

A definitive Registered Note may be transferred in whole or in part (in the amount of the lowest Specified Denomination or any integral multiple thereof) by the transferor depositing such Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar, with the form of transfer endorsed on the definitive Registered Note duly completed and signed by or on behalf of the transferor and upon the Registrar after due and careful enquiry being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe. Subject as provided above, the Registrar will, within three business days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new Registered Note of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note, a new Registered Note in respect of the balance of the Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

In the event of a partial redemption of Registered Notes under Condition 5, the Registrar shall not be required:

- (a) to register the transfer of definitive Registered Notes (or parts of Registered Notes) during the period beginning on the 45th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of definitive Registered Notes called (in whole or in part) for redemption (both inclusive); or
- (b) to register the transfer of any definitive Registered Note, or part of a definitive Registered Note, called for partial redemption.

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

For so long as any of the Notes are represented by a Global Note in bearer form, each person (other than a clearing system which is an account holder with another clearing system for the purpose of operating any "bridge" between two or more clearing systems) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agent and any other Paying Agent as a holder of such nominal amount of such Notes for all purposes other than for the payment of principal (including premium (if any)) and interest on such Notes or the delivery of securities or any other assets deliverable pursuant to such Notes, the right to which shall be vested, as against the Issuer, the Agent and any other Paying Agent, solely in the bearer holder of the Global Note in accordance with and subject to its terms (and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly).

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of The Depository Trust Company and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, or such other rules and procedures as may be specified in the applicable Pricing Supplement.

2 Status of the Notes

The Notes and (if applicable) the relative Coupons and Receipts are direct and, subject to Condition 3, unsecured obligations of the Issuer ranking pari passu without any preference among themselves and, subject as aforesaid, with all its other obligations which are unsecured and not subordinated. The Notes and (if applicable) the relative Coupons and Receipts are not the obligations of any government or member of the Issuer.*

3 Negative Pledge

As long as any of the Notes shall be outstanding, the Issuer will not create on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness quoted, listed or ordinarily dealt in on any stock exchange or other organised securities market, heretofore or hereafter issued or assumed by the Issuer or for any guarantee thereof by the Issuer, unless all payments in respect of the Notes shall be secured by such mortgage, pledge, lien or charge equally and rateably with such bonds, notes, evidences of indebtedness or guarantees; provided, however, that the foregoing shall not apply to: (i) any lien created as security for the payment of such indebtedness or guarantee incurred for the purpose of financing or refinancing the purchase of any property; (ii) any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which it is originally incurred; or (iii) any extension or renewal of the foregoing.

4 Interest

(a) *Interest on Fixed Rate Notes*

- (i) Each Fixed Rate Note bears interest from and including the Interest Commencement Date to but excluding the next following Fixed Interest Date or the Maturity Date, as the case may be, at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Fixed Interest Date(s) in each year and on the Maturity Date, subject to Condition 6(e). 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. If the Maturity Date is not a Fixed Interest Date, interest from and including the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to but excluding the Maturity Date will amount to the Final Broken Amount.

Subject as aforesaid, such interest will be payable in respect of each Fixed Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) a Fixed Interest Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Date or the Maturity Date, as the case may be.

- (ii) If interest is required to be calculated for a period ending other than on a Fixed Interest Date, or for a period ending on a Fixed Interest Date as adjusted in accordance with the business day convention specified in the applicable Pricing Supplement (all in accordance with Clause 4(a)(iii) below) such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

* This disclaimer will also appear conspicuously on the face of the Notes, as required by Article 20.2 of the Agreement Establishing the European Bank for Reconstruction and Development dated 29 May 1990.

In these Terms and Conditions, the following expressions have the following meanings:

“Fixed Day Count Fraction” means:

- (A) if “Actual/Actual – ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period (such number of days being calculated on the basis of 12 30-day months) divided by 360 (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (D) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (E) if “Actual/Actual – ICMA” is specified in the applicable Pricing Supplement,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

“Determination Date” means each relevant Fixed Interest Date (except that the first Determination Date shall be deemed to be the Interest Commencement Date), unless otherwise specified in the applicable Pricing Supplement.

For the purposes of the definition of “Determination Date” in this Condition 4(a)(ii)(E), the adjustment of any Fixed Interest Date as a result of the application of any Business Day Convention shall be disregarded; or

- (F) such other basis as may be agreed, as specified in the applicable Pricing Supplement;

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

“Calculation Period” means, with respect to the relevant period for which interest is to be calculated on any Note, a period of time from and including the first day of such period to but excluding the last (whether or not constituting a Fixed Interest Period).

- (iii) If any Fixed Interest Date would otherwise fall on a day which is not a Business Day, then payment of the interest due on such Fixed Interest Date, subject to Condition 6(e), shall be made after adjustment in accordance with the business day convention specified in the applicable Pricing Supplement. If the business day convention specified in the applicable Pricing Supplement is:
 - (A) the Following Business Day Convention, payment of the interest due on such Fixed Interest Date shall be postponed to the next day which is a Business Day, and if the amount of interest due has been specified to be adjusted, the Fixed Interest Date shall also be postponed to the next day which is a Business Day;
 - (B) the Modified Following Business Day Convention, payment of the interest due on such Fixed Interest Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event payment of the interest due on such Fixed Interest Date shall be brought forward to the immediately preceding Business Day, and if the amount of interest due has been specified to be adjusted, the Fixed Interest Date shall also be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Fixed Interest Date shall be brought forward to the immediately preceding Business Day; or
 - (C) the Preceding Business Day Convention, payment of the interest due on such Fixed Interest Date shall be brought forward to the immediately preceding Business Day, and if the amount of interest due has been specified to be adjusted, the Fixed Interest Date shall also be brought forward to the immediately preceding Business Day.

If the payment in respect of a Fixed Interest Date becomes subject to a business day convention, as set out above, there will be no adjustment to the calculation of interest payable in respect of the relevant Fixed Interest Date, unless it is specified in the applicable Pricing Supplement that the amount of interest payable in such circumstances will be calculated by reference to the period ending on the Fixed

Interest Date as adjusted in accordance with the specified business day convention, in which case the Fixed Day Count Fraction specified in the applicable Pricing Supplement will also be applied.

In this Condition 4(a), “Business Day” means a day which is:

- (1) either (x) in relation to Notes denominated in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (y) in relation to Notes denominated in euro, a day on which the TARGET System is open (a “TARGET Business Day”). In these Terms and Conditions, “TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System; and
- (2) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in any additional business centre specified in the applicable Pricing Supplement.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note and Indexed Note bears interest on its nominal amount as specified in Condition 4(b)(ii) and such interest will be payable (subject to Condition 6(e)) in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If any Interest Payment Date (or other date) which is specified in the applicable Pricing Supplement to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, subject to Condition 6(e), if the business day convention specified is:

- (1) in the case of (B) above, the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date (or other date) shall be the immediately preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date (or other date) occurred;
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day;

- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

If the payment in respect of an Interest Payment Date becomes subject to a business day convention, as set out above, there will be no adjustment to the calculation of interest payable in respect of the relevant Interest Payment Date, unless it is specified in the applicable Pricing Supplement that the amount of interest payable in such circumstances will be calculated by reference to the period ending on the Interest Payment Date, as adjusted in accordance with the specified business day convention, in which case the Floating Day Count Fraction specified in the applicable Pricing Supplement will also be applied.

In this Condition 4(b), “Business Day” means a day which is:

- (A) either (1) in relation to Notes denominated in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to Notes denominated in euro, a day on which the TARGET system is open (a “TARGET Business Day”). In these Terms and Conditions, “TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System; and
- (B) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in any additional business centre specified in the applicable Pricing 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 Pricing Supplement. Interest (including any Rate of Interest, if applicable) in the case of Indexed Notes, will be determined in accordance with Condition 4(d).

(iii) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (iii), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

- (B) the Designated Maturity is the period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank 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 Pricing Supplement.

For the purpose of this sub-paragraph (iii) “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions; and the definition of “Banking Day” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general”.

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

In these Terms and Conditions “Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, and shall include any other country that has not adopted the aforementioned single currency, as may be specified in the applicable Pricing Supplement.

In these Terms and Conditions, “ISDA Definitions” means the 2000 ISDA Definitions (as amended and/or supplemented as at the Issue Date of the Notes) published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Pricing Supplement.

(iv) Screen Rate Determination

The provisions set out below in this sub-paragraph (iv) will apply unless otherwise specified in the applicable Pricing Supplement.

Where so specified in the applicable Pricing Supplement, 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 fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum),

for deposits in the Specified Currency for the Specified Period which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent (or such other entity specified in the applicable Pricing Supplement). If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear as at such time specified above, the Agent (or such other entity specified in the applicable Pricing Supplement) shall request each of the Reference Banks (as defined below) to provide the Agent (or such other entity specified in the applicable Pricing Supplement) with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the Specified Period to prime banks in the London inter-bank market at approximately 11:00 a.m. (London time) if the Reference Rate is LIBOR, or to prime banks in the Euro-zone inter-bank market at approximately 11:00 a.m. (Brussels time) if the Reference Rate is EURIBOR on the Interest Determination Date. If two or more of the Reference Banks provide the Agent (or such other entity specified in the applicable Pricing Supplement) with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent (or such other entity specified in the applicable Pricing Supplement).

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent (or such other entity specified in the applicable Pricing Supplement) with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent (or such other entity specified in the applicable Pricing Supplement) determines as being the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent (or such other entity specified in the applicable Pricing Supplement) by the Reference Banks or any two or more of them, at which such banks were offered, as at 11:00 a.m. (London time if the Reference Rate is LIBOR, or Brussels time, if the Reference Rate is EURIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for the Specified Period by prime banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any), or if fewer than two of the Reference Banks provide the Agent (or such other entity specified in the applicable Pricing Supplement) with such offered rates, the offered rate for deposits in the Specified Currency for the Specified Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the Specified Period, which, at approximately 11:00 a.m. (London time) if the Reference Rate is LIBOR, or, at approximately 11:00 a.m. (Brussels time) if the Reference Rate is EURIBOR, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Agent and the Issuer suitable for such purpose) informs the Agent (or such other entity specified in the applicable Pricing Supplement) it is quoting to prime banks in the London inter-bank market, if the Reference Rate is LIBOR, or, the Euro-zone inter-bank market, if the Reference Rate is EURIBOR, as the case may be, (or, as the case may be, the quotations of such bank or banks to the Agent (or such other entity specified in the applicable Pricing Supplement)) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be established by the Agent (or such other entity specified in the applicable Pricing Supplement) in its sole and absolute discretion and acting in good faith, or as otherwise specified in the applicable Pricing Supplement.

(v) *Determination of Rate of Interest and calculation of Interest Amount*

The 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 Pricing 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, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions, the following expressions have the following meanings:

“Floating Day Count Fraction” means:

- (A) if “Actual/Actual – ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period (such number of days being calculated on the basis of 12 30-day months) divided by 360 (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (D) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (E) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- (F) in relation to Indexed Notes only, if “Actual/Actual – ICMA” is specified in the applicable Pricing Supplement,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

“Determination Date” means each relevant Interest Payment Date (except that the first Determination Date shall be deemed to be the Interest Commencement Date), unless otherwise specified in the applicable Pricing Supplement.

For the purposes of the definition of “Determination Date” in this Condition 4(b)(v)(F), the adjustment of any Interest Payment Date as a result of the application of any Business Day Convention shall be disregarded; or

- (G) such other basis as may be agreed, as specified in the applicable Pricing Supplement;

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

“Calculation Period” means, with respect to the relevant period for which interest is to be calculated on any Note, a period of time from and including the first day of such period to but excluding the last (whether or not constituting an Interest Period).

(vi) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, (in the case of Floating Rate Notes which are admitted to the official list of the UK Listing Authority (the “Official List”) and admitted to trading on the London Stock Exchange plc’s EEA Regulated Market (the “Market”)), the UK Listing Authority and, if applicable, to any other stock exchange on which the relevant Floating Rate Notes are for the time being listed, and to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (or, in relation to the Noteholders, such other period as may be specified in the applicable Pricing Supplement) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(vii) Certificates to be final

All certificates, communications, determinations, calculations and decisions (the “determinations”) made for the purposes of the provisions of this Condition 4(b), by the Agent, or for the purposes of Condition 4(d) by, if applicable, the Calculation

Agent and/or the Determination Agent, as the case may be, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the Determination Agent (if applicable), the other Paying Agents and all Noteholders. In making such determinations, the Agent, the Calculation Agent and/or the Determination Agent, as the case may be, shall not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders and accordingly, no liability to the Noteholders shall attach to, respectively, as the case may be, any one of the Agent, the Calculation Agent (if applicable), or the Determination Agent (if applicable), in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to Condition 4(b) or 4(d), as the case may be.

(viii) Reference Banks

In these Terms and Conditions, "Reference Banks" means:

- (A) if "Agent's Selection" is specified in the applicable Pricing Supplement, in the case of a determination of LIBOR, the principal London office of five major international banks active in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of five major international banks active in the Euro-zone inter-bank market, in each case selected by the Agent; or
- (B) the banks specified or the banks to be selected by such method as may be specified in the applicable Pricing Supplement; or
- (C) if none of the above are specified in the applicable Pricing Supplement, those banks whose names appear 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 relevant Interest Determination Date or, if such page contains a single rate (without details of the relevant reference banks) which is itself the single arithmetic mean of the offered rates quoted by (in the case of LIBOR) the principal London offices of prime banks, or (in the case of EURIBOR) the principal Euro-zone offices of prime banks, such other page(s) on which the banks used to determine such average appear, provided that:
 - (1) if the Relevant Screen Page is then not available or fewer than three such names then appear, the Reference Banks shall be the banks whose names last appeared on such page(s) when no fewer than three such names appeared; and
 - (2) if the Relevant Screen Page is not then available but such page(s) when last available displayed only one London inter-bank offered rate (in the case of LIBOR), or one Euro-zone inter-bank offered rate (in the case of EURIBOR), which was itself the arithmetic mean of the offered rates quoted by (in the case of LIBOR) the principal London offices of prime banks, or (in the case of EURIBOR) the principal Euro-zone offices of prime banks, the Reference Banks shall be the banks which were used to determine such arithmetic mean.

In the case of a determination of LIBOR, references to Reference Banks are to their principal London offices and in the case of a determination of EURIBOR, references to Reference Banks are to their principal Euro-zone offices.

If the Reference Rate from time to time in respect of Floating Rate Notes of a Series is specified in the applicable Pricing Supplement as being other

than LIBOR or EURIBOR, the Rate of Interest in respect of such Series will be determined as provided in the applicable Pricing Supplement.

(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 Condition 5(d) as its Amortised Face Amount. 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 Pricing Supplement. Such interest shall 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 Agent has notified the holder thereof (either in accordance with Condition 13 or individually) of receipt of all sums due in respect thereof up to that date. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

(d) Interest on Indexed Notes

In the case of Indexed Notes where the Rate of Interest and/or the Interest Amount, as the case may be, (whether on any Interest Payment Date, Fixed Interest Date, early redemption, maturity or otherwise) falls to be determined by reference to an index and/or a formula, the Rate of Interest and/or the Interest Amount, as the case may be, shall be determined in accordance with such index and/or formula in the manner specified in the applicable Pricing Supplement (the "Index" and/or the "Formula", respectively). The provisions set out in Condition 4(b)(i) will apply to Indexed Notes, and, if a Floating Day Count Fraction is specified in the applicable Pricing Supplement, the relevant provisions in relation thereto set out in Condition 4(b)(v) will also apply.

(e) Interest on Partly Paid Notes

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

(f) Interest Payments

Interest will be paid subject to and in accordance with the provisions of Condition 6. Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment or, as the case may be, delivery of principal 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 or, as the case may be, all assets deliverable 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 Agent has notified the holder thereof (either in accordance with Condition 13 or individually) of receipt of all sums or, as the case may be, all assets deliverable due in respect thereof up to that date.

(g) Interest on Dual Currency Notes

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

5 Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer by payment, subject to Condition 6(e), or, as the case may be, delivery of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the Specified Currency (if applicable) on the Maturity Date specified in the applicable Pricing Supplement. If the Maturity Date specified in the applicable Pricing Supplement falls on a date which was initially a Fixed Interest Date or Interest Payment Date prior to adjustment in accordance with Condition 4(a)(iii) or 4(b)(i), the Maturity Date will be adjusted in accordance with the business day convention applicable to such adjusted Fixed Interest Date or Interest Payment Date, as the case may be.

(b) Redemption at the option of the Issuer

If the applicable Pricing Supplement specifies that the Notes of a Series are redeemable at the option of the Issuer, they may be so redeemed, on giving not less than 30 nor more than 45 days' notice (or such other period as may be specified in the applicable Pricing Supplement) to the holders of Notes (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 13, on the date or dates and at the relevant price(s) specified in the applicable Pricing Supplement. In the case of a partial redemption of such Notes, Notes to be redeemed (the "Redeemed Notes") will be selected individually by lot in such place as the Agent may approve and in such manner as the Agent shall deem to be appropriate and fair, and in the case of Redeemed Notes represented by definitive Notes, to be done in accordance with the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior to the date fixed for redemption and a list of such Notes called for redemption will be published in accordance with Condition 13 not less than 30 nor more than 45 days prior to such date.

(c) Redemption at the option of the Noteholders

If the applicable Pricing Supplement specifies that any Note is redeemable at the option of the holder of such Note it may be so redeemed by the holder giving to the Issuer in accordance with Condition 13 not less than 65 nor more than 80 days' notice (which notice shall be irrevocable) and the Issuer will, upon the expiry of such notice redeem such Note on a date or dates and at the relevant price(s) as specified in the applicable Pricing Supplement.

(d) Early Redemption Amounts

For the purposes of paragraph (b) or (c) above and Condition 9, 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 redeemable:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which 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 Pricing Supplement or, if no such amount or manner is set out in the Pricing Supplement, at their nominal amount; or

- (iii) in the case of Zero Coupon Notes, at an amount (the “Amortised Face Amount”) equal to the sum of:
 - (A) the Reference Price specified in the applicable Pricing Supplement; and
 - (B) the product of the Accrual Yield specified in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and redeemable.

Where such calculation is to be made for a period of less than a full year or for a period which is not a whole number of years, (1) in the case of Fixed Rate Notes it shall be made on the basis of the Fixed Day Count Fraction specified in the applicable Pricing Supplement; (2) in the case of Floating Rate Notes it shall be made on the basis of the Floating Day Count Fraction specified in the applicable Pricing Supplement; (3) in the case of Zero Coupon Notes it shall be made on the basis of a 360 day year consisting of 12 months of 30 days each (unless otherwise specified in the applicable Pricing Supplement); and (4) in the case of any other Notes other than Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, it shall be made on the basis of the relevant day count fraction as may be specified in the applicable Pricing Supplement.

(e) Purchase

The Issuer may at any time purchase or otherwise acquire Notes in the open market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the Agent for cancellation (together with (in the case of definitive Bearer Notes of this Series) any unmatured Coupons or Receipts attached thereto or purchased therewith). If purchases are made by tender, tenders must be made available to all holders of Notes of this Series alike.

(f) Cancellation

All Notes redeemed shall be, and all Notes purchased or otherwise acquired as aforesaid may, at the option of the Issuer, be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Coupons and Receipts presented therewith) and thereafter may not be re-issued or re-sold.

(g) Instalments

Each Note in definitive form which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. All instalments (other than the final instalment) will be redeemed against surrender of, in the case of a definitive Bearer Note, the relevant Receipt (which must be presented with the Note to which it appertains) and, in the case of a definitive Registered Note, the relevant Note and issue of a new Note in the nominal amount remaining outstanding, all as more fully described in Condition 6.

(h) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 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 (d)(iii) 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 which is the earlier of:

- (1) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and

- (2) the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(i) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition 5 as amended or varied by the information specified in the applicable Pricing Supplement.

6 Payments, Delivery, Coupons and Exchange of Talons

(a) Method of Payment

Payments in respect of definitive Notes (other than Dual Currency Notes) denominated in a Specified Currency (other than euro) or, in the case of Dual Currency Notes, payable in a Specified Currency (other than euro) will (subject as provided below) be made by a cheque in the Specified Currency drawn on, or, at the option of the holder and upon 15 days' prior notice to the Agent, by transfer to an account (in the case of payment in Japanese yen to a non-resident of Japan, to a non-resident account) in the Specified Currency maintained by the payee with, a bank (in the case aforesaid, an authorised foreign exchange bank) in the principal financial centre of the country of the Specified Currency. Payments in euro will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System.

(b) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Registered Notes will be made to the registered holder (or to the first named of joint holders) against presentation and surrender of the Note at the specified office of any Paying Agent. Payments of interest on each definitive Registered Note will be made to the holder (or to the first named of joint holders) of the Registered Note appearing on the register at the close of business on the fifteenth day before the relevant due date (the "Record Date") at his address shown on the Register on the Record Date.

Payments of principal in respect of instalments will be made to the registered holder (or to the first named of joint holders) against surrender of the relevant definitive Registered Note and (other than in the case of the final instalment) the issue of a new Registered Note in the nominal amount remaining outstanding.

Payments of principal and interest (if any) in respect of the definitive Bearer Notes will (subject as provided below) be made against presentation or surrender of such Bearer Notes or Coupons, as the case may be, at any specified office of any Paying Agent located outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)). Payments of principal in respect of instalments (if any), other than the last instalment, will (subject as provided below) be made against surrender of the relevant Receipt. Payment of the last instalment will be made against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of such instalment together with the relevant definitive Bearer Note against which the amount will be payable in respect of that instalment. If any definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmaturing Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer. All payments of interest and principal with respect

to Bearer Notes will be made to accounts located outside the United States except as otherwise provided in the third succeeding paragraph.

(c) *Payments in respect of Global Notes*

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.

The Paying Agent to which a Registered Global Note or a Global Note that is not in new global note (“NGN”) form is presented shall make a record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, on such Global Note and such record shall be prima facie evidence that the payment in question has been made. The Issuer shall, in the case of a Global Note that is in NGN form, procure that details of each payment, distinguishing between any payment of principal and any payment of interest, on such Global Note be entered pro rata in the records of the relevant clearing system and each payment so made will discharge the Issuer’s obligations in respect thereof and any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

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 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 The Depository Trust Company or of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to The Depository Trust Company and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of the relevant Global Note. No person other than the holder of the relevant Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

(d) *General provisions applicable to payments*

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated and payable in United States dollars will be made at the specified office of any Paying Agent in the United States (a) if (1) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount due on the Bearer Notes in the manner provided above when due, (2) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (3) such payment is then permitted under United States law, and (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents and/or to approve any change in the specified office of any Paying Agent, provided that it will, so long as any of the Notes is outstanding, maintain (i) an Agent, (ii) a Paying Agent (which may be the Agent) having a specified office in a leading financial centre in continental Europe, (iii) so long as any Notes are admitted to the Official List and admitted to trading on the Market, a Paying Agent (which may be the Agent) having a specified office in London or such other place as may be approved by the UK Listing Authority and (iv) so long as any Notes are listed on the Singapore

Exchange Securities Trading Limited (and that Exchange so requires), a Paying Agent (which may be the Agent) having a specified office in Singapore. Any such variation, termination 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 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 below and provided further that neither the resignation nor removal of the Agent shall take effect, except in the case of insolvency as aforesaid, until a new Agent has been appointed. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in (d)(2) of this Condition 6.

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, but without prejudice to the provisions of Condition 7.

(e) Payment Day

If the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment at the place of presentation 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. In this paragraph (e) "Payment Day" means:

- (i) any day on which commercial banks and foreign exchange markets are open for business in the relevant place of presentation and any additional business centre specified in the applicable Pricing Supplement;
- (ii) in the case of any payment in respect of a registered global Note denominated in a Specified Currency other than United States dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such registered global Note) has elected to receive any part of such payment in United States dollars, a day on which commercial banks and foreign exchange markets settle payments in New York City; and
- (iii) (A) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, a day on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or
(B) (in the case of a payment in euro) a TARGET Business Day.

If the due date for redemption of any interest bearing Note in definitive 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.

(f) Coupons and Exchange of Talons

Fixed Rate Bearer Notes in definitive form should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined below) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to Condition 10 or, if later, five years from the due date for payment of such Coupon.

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

Upon the due date for redemption of any Floating Rate Note, Dual Currency Note or Indexed Note in definitive bearer form, all unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the interest payment date on which the final Coupon comprised in the relative Coupon sheet matures.

(g) Method of Delivery for Notes to be Physically Settled

Any Notes which provide for settlement by delivery of underlying assets will be settled in accordance with the provisions for such physical delivery set out in the applicable Pricing Supplement.

References to payment of principal in this Condition 6 will, where the context so permits, be deemed to include delivery of underlying assets in settlement of Notes which provide for physical settlement.

7 Taxation

All payments of principal and/or interest in respect of the Notes shall be made by the Issuer to the Paying Agent without withholding or deduction for or on account of tax.

8 Euro

Euro means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

9 Events of Default

- (a) If any one or more of the following events ("Events of Default") shall have occurred and be continuing:
- (i) the Issuer defaults for a period of 90 days in the payment of the principal of, or interest on, the Notes;
 - (ii) the Issuer defaults in the performance of any other covenant or agreement contained in the Notes and any such default shall continue for a period of 90 days after written notice thereof shall have been given to the Issuer at the office of the Agent by any Noteholder; or
 - (iii) the Issuer defaults in the payment of the principal of, or interest on, any bonds, notes or similar obligations which have been issued, assumed or guaranteed by the Issuer and such default shall continue for a period of 90 days,

the holder for the time being of any Note may give notice to the Issuer either directly or at the office of the Agent that such Note is redeemable upon the 30th day after such notice is received by the Issuer, whereupon such Note shall become so redeemable in

accordance with paragraph (b) below, unless prior to such time all events of default provided for herein in respect of the Notes shall have been cured.

- (b) If the Notes become so due and redeemable pursuant to this Condition 9, they shall be redeemable in accordance with the provisions of Condition 5(d).

10 Prescription

Claims for payment or delivery, as the case may be, of principal in respect of the Notes shall be prescribed upon the expiry of 10 years, and claims for payment or delivery, as the case may be, of interest (if any) in respect of the Notes shall be prescribed upon the expiry of 5 years, in each case from the Relevant Date (as defined below) thereof, subject to the provisions of Condition 6. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment or delivery, as the case may be, in respect of which would be void pursuant to this Condition 10 or Condition 6 above.

For the purposes of these Conditions, "Relevant Date" means the date on which the payment or delivery, as the case may be, in respect of the Notes, Receipts or Coupons first becomes due and payable or deliverable, as the case may be, but, if the full amount of the moneys payable or the assets deliverable, as the case may be, on such date has not been received by the Agent on or prior to such date, the "Relevant Date" means the date on which, such moneys (or as the case may be, the deliverable assets) having been received, notice to that effect shall have been given to the Noteholders in accordance with Condition 13.

11 Replacement of Notes, Coupons and Receipts

If any Note (including any Global Note), Receipt or Coupon is mutilated, defaced, stolen, destroyed or lost it may be replaced at the specified office of the Agent upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes, Receipts or Coupons must be surrendered before replacements will be issued.

12 Meetings of Noteholders and Modification

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including modifications by Extraordinary Resolution of the terms and conditions of the Notes. The quorum for any meeting convened to consider a resolution proposed as an Extraordinary Resolution shall be one or more persons holding or representing a majority in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes for the time being outstanding so held or represented, except that at any meeting, the business of which includes, inter alia, (i) modification of the Maturity Date of the Notes or reduction or cancellation of the nominal amount payable or the assets deliverable upon maturity; (ii) reduction of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; (iii) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest; (iv) modification of the currency in which payments under the Notes and/or the Coupons appertaining thereto are to be made; (v) modification of the majority required to pass an Extraordinary Resolution; or (vi) modification of the provisions of the Agency Agreement concerning this exception, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a majority, of the nominal amount of the Notes for the time being outstanding. A resolution in writing signed by or on behalf of persons holding directly, or, in relation to Notes held in global form, by (i) in the case of a Global Note that is in NGN form, by or on behalf of the common safekeeper for Euroclear and Clearstream, Luxembourg; or (ii) in any other case, the relevant common depositary or nominee of the applicable clearing system (in accordance with the rules and procedures of that applicable clearing system), holding, not less than 90 per cent. in principal amount of the

Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Agency Agreement. Any such Resolution will be binding on all Noteholders (whether or not they are present at any meeting) and on all Receiptholders and Couponholders relating to the relevant Notes.

The Agent may agree, without the consent of the Noteholder, Receiptholder or Couponholder, to any modification to any of the provisions of the Agency Agreement or the Notes which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all the Noteholders, Receiptholders or Couponholders and, if the Agent so requires, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

13 Notices

- (a) All notices to the holders of Registered Notes will be valid if mailed to their registered addresses.
- (b) All notices regarding Bearer Notes will be valid if published (i) in one leading London daily newspaper (which is expected to be the *Financial Times*) and (ii) (in respect of any Notes listed on the Singapore Exchange Securities Trading Limited (so long as that Exchange so requires)), in an English language daily newspaper of general circulation in Singapore (which is expected to be *The Business Times*). Any notice published as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Notes of this Series in accordance with this Condition.
- (c) Until such time as any definitive Notes are issued, there may, so long as all the Global Note(s) for this Series is or are held in its or their entirety on behalf of The Depository Trust Company (in the case of Registered Notes) or Euroclear and Clearstream, Luxembourg (in the case of Bearer Notes), be substituted, in relation only to such Series, for such publication as aforesaid, the delivery of the relevant notice to The Depository Trust Company (in the case of Registered Notes) or to Euroclear and Clearstream, Luxembourg (in the case of Bearer Notes) for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the Noteholders on the day (or such other period thereafter as may be specified in the applicable Pricing Supplement) on which the said notice was given to The Depository Trust Company (in the case of Registered Notes) or to Euroclear and Clearstream, Luxembourg (in the case of Bearer Notes).
- (d) Except as specified in Condition 9, notices to be given by any holder of any Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst 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 Agent via The Depository Trust Company and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and The Depository Trust Company and/or Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

14 Agents

In acting under the Agency Agreement, the Agent, the Registrar and the Paying Agents will act solely as agents of the Issuer and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except (without affecting the obligations of the Issuer to the Noteholders, Receiptholders and Couponholders, to redeem Notes and pay interest thereon) funds received by the Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Receiptholders or Couponholders until the expiration of the relevant period of prescription

under Condition 10. The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit. Any reference herein to the Agent or the Agents or to a calculation agent or determination agent shall include any successor thereto.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes.

16 Governing Law

The Notes, the Receipts, the Coupons and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of England. The Issuer irrevocably agrees for the benefit of each of the Noteholders, the Receiptholders and the Couponholders that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, Receipts or Coupons.

17 Contracts (Rights of Third Parties) Act 1999

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

Use of Proceeds

The net proceeds of the issue of the Notes (which is expected to be RUB500,278,700.00) will be included in the ordinary capital resources of the Issuer and used in its ordinary operations.

Ratings

The Issuer and/or its debt obligations have been assigned a AAA credit rating from Standard & Poor's Ratings Services Limited, a division of the M'Graw Hill Companies Inc. ("S&P"), since 1991, a Aaa credit rating from Moody's Investors Service Limited ("Moody's") since 1992 and a AAA credit rating from Fitch Ratings Limited ("Fitch") since 2002. As defined by S&P, a "AAA" rating means that the ability of the Issuer to meet its financial commitment on its obligations is extremely strong. As defined by Moody's, a "Aaa" rating means that the Issuer's ability to meet its financial obligations is judged to be of the highest quality, with minimal credit risk. As defined by Fitch, a "AAA" rating denotes the lowest expectation of credit risk and means that the Issuer has an exceptionally strong capacity for timely payment of its financial commitments.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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