

# Money Market Program Documentation

<u>Index Field</u>	<u>Field Value</u>
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Program Type:	EMTN
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Restrictions:	
Dealer:	
Misc Description:	

3/25/98





**European Bank**  
**for Reconstruction and Development**  
**ECU 10,000,000,000**  
**Euro Medium Term Note Programme**  
**for the issue of Notes**  
**with a minimum maturity of one month**

*On 31st July, 1992, the European Bank for Reconstruction and Development (the "Issuer") entered into an ECU1,000,000,000 Euro Medium Term Note Programme (the "Programme"). On 26th August, 1994 the Programme was amended and restated. With effect from the date hereof, the Programme has been further amended and restated and this Prospectus supersedes any previous prospectus issued in connection with the Programme. Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.*

Under the Programme the Issuer may from time to time issue Notes in bearer or registered form (respectively, "Bearer Notes" and "Registered Notes" and, together, the "Notes") denominated in any currency agreed by the Issuer and the relevant Purchaser(s) (as defined below). Subject as set out herein, the Notes will have a minimum maturity of one month and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed ECU 10,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, calculated as described herein). The minimum maturity of Notes denominated in Deutsche Marks will be two years and of French Franc Notes (as defined below) will be one year.

The Notes will be issued to one or more of the Dealers specified on page 6 (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealer appointed under the Programme from time to time) on a continuing basis by way of private or syndicated placements. Notes may also be issued to third parties other than Dealers on the basis of enquiries made by such third parties to the Issuer. Dealers and such third parties are referred to as "Purchasers".

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for Notes to be issued under the Programme to be admitted to the Official List of the London Stock Exchange (the "Official List") for a period of twelve months from the date of this document and application will (in certain circumstances as described herein) be made to list Notes denominated in French francs or denominated in another currency or currencies but linked directly or indirectly to French francs ("French Franc Notes") on the Paris Bourse. Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to, each Series (as defined below) of Notes will be set forth in a pricing supplement prepared by, or on behalf of, the Issuer (the "Pricing Supplement") which, with respect to Notes to be admitted to the Official List and/or listed on the Paris Bourse, will be delivered to the London Stock Exchange and/or the Commission des Opérations de Bourse (the "COB") on or before the date of issue of the Notes of such Series. For the sole purpose of listing French Franc Notes on the Paris Bourse, this Prospectus has been submitted to the clearance procedures of the COB and has been registered by the COB under registration no. P97-294 dated 27th August, 1997.

Copies of this Prospectus, which comprises the listing particulars (the "Listing Particulars") approved by the London Stock Exchange as required by the Financial Services Act 1986, have been delivered for registration to the Registrar of Companies in England and Wales. Copies of each Pricing Supplement will be available (in the case of Notes to be admitted to the Official List) from Exel Information Centre, operated by FT Information Limited, at 15 Clerie Street, London EC2A 4LJ, and (in the case of all Notes) from the specified office of each of the Paying Agents (as defined below).

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Purchaser(s) in relation to each issue. The Issuer may also issue unlisted Notes.

Each issue of Registered Notes will initially be represented by one or more registered global Notes which will be deposited on the issue date thereof with, and registered in the name of a nominee for, The Depository Trust Company, as further described in Issue Procedures herein. Each issue of Bearer Notes will initially be represented by one or more bearer temporary global Notes which will be deposited with a common depository on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank"), as further described in "Issue Procedures" herein.

The Issuer may agree with any Dealer and the Agent (as defined below) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case supplementary Listing Particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

### **Arrangers**

#### **Merrill Lynch International**

**Merrill Lynch Capital Markets Bank Limited,**  
 Frankfurt am Main Branch

**Merrill Lynch Finance SA**

### **Dealers**

**Goldman Sachs International**

**Merrill Lynch International**

**Merrill Lynch Finance SA**

**J.P. Morgan Securities Ltd.**

**Morgan Stanley Dean Witter**

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The Issuer accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In connection with the listing of the Notes on the London Stock Exchange the Issuer has given an undertaking to the Dealers that, if at any time after preparation of the Listing Particulars for submission to the London Stock Exchange and before the commencement of dealings in any Notes following their admission to the Official List:—

- (a) there is a significant change affecting any matter contained in the Listing Particulars whose inclusion was required by section 146 of the Financial Services Act 1986 or by the listing rules made by the London Stock Exchange under the Act (the "Listing Rules") or by the London Stock Exchange; or
- (b) a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when the Listing Particulars were being prepared,

the Issuer shall give to the listing agent (the "Listing Agent") full information about such change or matter and shall publish supplementary listing particulars as may be required by the London Stock Exchange (in a form approved by the Listing Agent), and shall otherwise comply with sections 147 and 149 of the Financial Services Act 1986 and the Listing Rules in that regard and shall supply to each Dealer such number of copies of the supplementary listing particulars as such Dealer may reasonably request.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Deemed to be Incorporated by Reference" on page 4). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus but not part of the Listing Particulars.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. The Dealers accept no liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes.

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

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

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date 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 containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any of the Notes.

The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the United States, the United Kingdom, Japan, France and Germany (see "Subscription and Sale" on page 37).

The Notes are not required to be registered under the United States 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 THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Bearer Notes 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 possessions or to, or for the account or benefit of, U.S. persons (see "Subscription and Sale" on page 37).

In this Prospectus references to "ECU" are to ECU as set out in Condition 8 of Terms and Conditions of the Notes below, references to "\$", "U.S.\$" and "U.S. dollars" are to United States dollars, references to "cents" are to United States cents, references to "yen" and "¥" are to Japanese yen, references to "sterling" and "£" are to pounds sterling, references to "DM" are to Deutsche Marks, references to "CHF" are to Swiss francs, references to "Lire" are to Italian Lire and references to "FRF" are to French francs.

In connection with the issue and distribution of any Series (as defined in "Terms and Conditions of the Notes" below), the Dealer (if any) disclosed as stabilising manager in the applicable Pricing Supplement may over-allot or effect transactions which stabilise or maintain the market price of such Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

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## DOCUMENTS DEEMED TO BE INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus (provided, however, that the documents referred to in paragraphs (a) and (b) do not form part of the Listing Particulars):—

- (a) the most recently published annual report of the Issuer and the annual accounts of the Issuer from time to time; and
- (b) all supplements to this Prospectus circulated by the Issuer from time to time in accordance with the undertaking given by the Issuer in the Programme Agreement described in "Subscription and Sale" below,

save that any statement contained herein or in a document all or the relative portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document all or the relative portion of which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Documents incorporated herein by reference have not been submitted to the clearance procedures of the COB.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which or portions of which are deemed to be incorporated herein by reference. Written or telephone requests for such documents should be directed to the Issuer at its principal office set out at the end of this Prospectus. In addition, such documents will be available from the principal office in England of Merrill Lynch International in its capacity as Listing Agent for the Notes and, if and for so long as any Notes are listed on the Paris *Bourse*, from the specified office of the Paris Listing Agent.

In addition, the Issuer is subject to certain informational requirements of Regulation EBRD promulgated by the Commission under Section 9(A) of the European Bank for Reconstruction and Development Act of the United States, and in accordance therewith files its annual report, regular quarterly financial statements and other information with the Commission. Such reports, financial statements and other information can be inspected at the offices of the Commission at Room 1026, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of such material can be obtained from the Public Reference Section of the Commission at the above address at prescribed rates.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme the Issuer may from time to time issue Notes denominated in any currency (including ECU) and having a minimum maturity of one month (two years in the case of Notes denominated in DM and one year in the case of French Franc Notes). A summary of the Programme and the terms and conditions of the Notes appears on pages 6 to 9. The applicable terms of any Notes will be agreed between the Issuer and the relevant Purchaser(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or incorporated into, such Notes, as more fully described under "Issue Procedures" on page 25.

This Prospectus and any supplement will only be valid for listing Notes on the London Stock Exchange and/or the Paris *Bourse* in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under this Programme, does not exceed ECU 10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the ECU equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:—

- (a) the ECU equivalent of Notes denominated in another Specified Currency (as defined under "Issue Procedures" on page 26) shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the ECU against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- (b) the amount (or, where applicable, the ECU equivalent) of Dual Currency Notes and Indexed Notes (each as described under "Issue Procedures" on page 26) shall be calculated by reference to the original nominal amount of such Notes and, in the case of Notes not denominated in ECU, in the manner specified above;
- (c) the amount (or, where applicable, the ECU equivalent) of Zero Coupon Notes (as described under "Issue Procedures" on page 26) and other Notes issued at a discount or premium shall be calculated by reference to the net proceeds received by the Issuer for the relevant issue and, in the case of Notes not denominated in ECU, in the manner specified above; and
- (d) the amount (or, where applicable, the ECU equivalent) of Partly Paid Notes (as defined under "Issue Procedures" on page 26) shall be calculated by reference to the nominal amount regardless of the amount of moneys paid up on such Notes and, in the case of Notes not denominated in ECU, in the manner specified above.

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

The following summary does not purport to be complete and is qualified by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series (as defined below—See “Terms and Conditions of the Notes”) of Notes, the applicable Pricing Supplement. Subject as provided in the Terms and Conditions of the Notes, any of the following may be varied as agreed between the Issuer, the relevant Purchaser(s) and the Agent (if applicable). Words and expressions defined in “Issue Procedures” and the Terms and Conditions of the Notes shall have the same meaning in this summary:—

<b>Issuer:</b>	European Bank for Reconstruction and Development
<b>Arrangers:</b>	Merrill Lynch International Merrill Lynch Capital Markets Bank Limited, Frankfurt am Main Branch (for issues of DM-denominated Notes) Merrill Lynch Finance SA (for issues of French Franc Notes)
<b>Dealers:</b>	Goldman Sachs International Merrill Lynch Finance SA Merrill Lynch International J.P. Morgan Securities Ltd. Morgan Stanley & Co. International Limited

Notes may also be issued to third parties other than Dealers on the basis of enquiries made by such third parties to the Issuer, including Dealers appointed in relation to issues of Notes denominated in particular currencies in compliance with applicable regulations and guidelines from time to time (see “Subscription and Sale” herein).

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale” herein).

A credit establishment or investment institution established in a member state of the European Union which is authorised to lead-manage eurobond issues by the competent authority of its home state may (i) act as a Dealer with respect to issues of French Franc Notes and (ii) act as lead manager of issues of French Franc Notes issued on a syndicated basis. The Arranger for issues of French Franc Notes, the Dealers in respect of French Franc Notes and the Issuer must comply with the rules and regulations from time to time relating to the *Marché de l'euro-franc* (the “Euro French Franc Regulations”). In the case of a public issue of French Franc Notes, the minimum aggregate principal amount for the issue shall be FRF 300,000,000. French Franc Notes which are listed on the *Paris Bourse* will be issued subject to the requirements of the *Paris Bourse*. Under current regulations, private placements are construed as issues of Notes placed on a firm basis with a small number of predetermined non-resident investors.

Each Issue of Notes denominated in Swiss Francs or carrying a Swiss Franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said



regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager, must be a bank domiciled in Switzerland (which includes a branch or subsidiary of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 (the "Swiss Dealer"). The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.

Each issue of Notes denominated in Deutsche Mark will take place in compliance with the guidelines, applicable for the time being, of the German Central Bank regarding the issue of Deutsche Mark denominated debt securities. Under current guidelines, only credit institutions domiciled in Germany or German branches of foreign credit institutions can act as Dealers in relation to such Notes except in the case of an issue of Deutsche Mark denominated Notes in a syndicated transaction (which need only be lead managed by a credit institution domiciled in Germany or a German branch of a foreign credit institution). In such case, only one of the Dealers needs to be a credit institution domiciled in Germany if such Dealer performs in relation to such Tranche of Notes the functions customarily performed by the lead manager of a syndicated bond issue.

<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or a non-syndicated basis.
<b>Agent:</b>	Morgan Guaranty Trust Company of New York, London office.
<b>Amount:</b>	Up to ECU 10,000,000,000 (or its equivalent in other currencies calculated on the Agreement Date) outstanding at any one time. As provided in the Programme Agreement the nominal amount of Notes outstanding under the Programme may be increased.
<b>Description:</b>	Continuously offered Euro Medium Term Note Programme.
<b>Currencies:</b>	Notes may be denominated in any currency, including without limitation, ECU, U.S.\$, yen, sterling, DM, CHF, Lire and FRF.
<b>Maturities:</b>	Any maturity in excess of one month (except in the case of French Franc Notes when the minimum maturity will be one year or Notes denominated in DM when the minimum maturity will be two years or in any case such other minimum maturity as may be required from time to time by the relevant monetary authority). No maximum maturity is contemplated.
<b>Issue Price:</b>	Notes may be issued at par or at a discount to, or premium over, par and either on a fully paid or partly paid basis.
<b>Form:</b>	Notes will be issued in either bearer or registered form. Registered Notes will initially be represented by one or more registered global Notes which will be deposited with, and registered in the name of a nominee for, The Depository Trust Company. Bearer Notes will initially be represented by one or more bearer temporary global Notes which will be deposited with a depository or, as

the case may be, common depository for Euroclear and Cedel Bank or any other agreed clearance system (including Sicovam) and which will be exchanged for one or more bearer permanent global Notes or for definitive Notes not earlier than 40 days after the Issue Date upon certification of non-U.S. beneficial ownership. A registered or bearer permanent global Note may be exchanged in whole, but not in part, for definitive Notes (in bearer or registered form, as the case may be) only upon the occurrence of an Event of Default or if Euroclear or Cedel Bank (or any other relevant clearing system) is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available as described in "Issue Procedures" below. Interests in a global Note will be transferable in accordance with the rules and procedures for the time being of The Depository Trust Company, Euroclear, Cedel Bank or any other agreed clearance system (including Sicovam).

**Fixed Rate Notes:**

Fixed rate interest will be payable on such day(s) as specified and on redemption.

Interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Pricing Supplement).

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes will be payable, and will be calculated, as specified prior to issue.

**Interest Payment Date(s) or Interest Period(s)**

Such date(s) or period(s) as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Pricing Supplement).

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as specified prior to issue.

**Indexed Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Indexed Notes will be calculated by reference to such Index and/or Formula as specified prior to issue.

Issues of Indexed Notes denominated in Deutsche Mark will be made in compliance with the policy of the German Central Bank regarding the indexation of DM-denominated debt obligations.

Indexed Notes which are French Franc Notes may only be issued in compliance with the *Principes Généraux* set out by the COB and the *Conseil des Bourses de Valeurs* or any successor authority.

**Zero Coupon Notes:**

Zero Coupon Notes will not bear interest other than in relation to interest due after the Maturity Date.

<b>Redemption:</b>	Notes may be redeemable prior to their stated maturities, either at the option of the relevant holder or the Issuer or in instalments, in each case, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms, as specified prior to issue.  N.B. No part of French Franc Notes may be redeemed prior to one year from the relevant Issue Date and no part of Notes denominated in DM may be redeemed prior to two years from the relevant Issue Date or, in the case of Notes denominated in any other Specified Currency, such other minimum time as may be required by the relevant monetary authority.
<b>Denominations of Definitive Notes:</b>	Such denominations as may be specified prior to issue (subject to such minimum denomination as may be required from time to time by any relevant monetary authority).
<b>Taxation:</b>	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.
<b>Status of the Notes:</b>	The Notes will constitute direct and unsecured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves, and, subject as aforesaid, equally with all its other unsecured and unsubordinated obligations. The Notes will not be obligations of any government or member of the Issuer.
<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge in respect of bonds, notes or other evidence of indebtedness issued or guaranteed by the Issuer which are listed or quoted on any stock exchange or other organised securities market.
<b>Cross-Default:</b>	The terms of the Notes will contain a cross default clause in respect of bonds, notes or similar obligations which have been issued, assumed or guaranteed by the Issuer and in respect of which such default shall continue for a period of 90 days.
<b>Rating:</b>	The Programme has been rated AAA by Standard & Poor's Ratings Services, Aaa by Moody's Investors Service and AAA by Japan Credit Rating Agency, Ltd.
<b>Listing:</b>	The Programme will be listed on the London Stock Exchange. Notes may also be listed on additional or other stock exchange(s) including, in the case of French Franc Notes, the Paris <i>Bourse</i> . The Euro French Franc Regulations recommend the listing of French Franc Notes on the Paris <i>Bourse</i> where (i) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (ii) they are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). Unlisted Notes may also be issued. The Pricing Supplement for each issue will state whether or not, and on what exchange(s), the Notes are to be listed.
<b>Governing Law:</b>	English.
<b>Selling Restrictions:</b>	There are restrictions on the sale of Notes and the distribution of offering material—see "Subscription and Sale" below.

## TERMS AND CONDITIONS OF THE NOTES

**The following are the Terms and Conditions of the Notes which will be attached to or incorporated by reference into each global Note and which will be endorsed upon each definitive Note. The applicable Pricing Supplement prepared by, or on behalf of, the Issuer in relation to any Notes may specify other Terms and Conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of a specific issue of Notes. The applicable Pricing Supplement will be incorporated into, or attached to, each global Note and endorsed upon each definitive Note. All capitalised terms shall have the meanings defined herein.**

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 (the "Agency Agreement") dated 29th August, 1997 and made between European Bank for Reconstruction and Development (the "Issuer"), Morgan Guaranty Trust Company of New York as issuing agent, principal paying agent, agent bank and, if so specified in the applicable Pricing Supplement, calculation agent (the "Agent" which expression shall include any successor as agent or any other calculation agent specified in the applicable Pricing Supplement), Morgan Guaranty Trust Company of New York, 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 29th August, 1997 and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank").

Any reference herein to The Depository Trust Company and/or Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including, in the case of Notes listed on the *Paris Bourse*, Sicovam SA and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together "Sicovam")) 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 name and address of the holder 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 a common depository for Euroclear and Cedel Bank 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 Cedel Bank as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Cedel Bank 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, 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 Cedel Bank, as the case may be.

## **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.\*

\*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 29th May, 1990.

### 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. The first payment of interest will be made on the Fixed Interest Date next following the Interest Commencement Date and, if 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 the preceding Fixed Interest Date (or the Interest Commencement Date) to the Maturity Date will amount to the Final Broken Amount.

(ii) Interest in respect of a period of less than one year will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

#### (b) *Interest on Floating Rate Notes*

##### (i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its nominal amount at the rate equal to the Rate of Interest payable 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, 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; or
- (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; or
- (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.

In this Condition 4(b), "Business Day" means a day which is both:—

- (A) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in London; and
- (B) either (1) in relation to Notes denominated in a Specified Currency other than ECU, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London) or (2) in relation to Notes denominated in ECU, an ECU Settlement Day (as defined in the 1991 ISDA Definitions, as amended, updated or replaced from time to time, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions") but not including part (b) of such definition).

*(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.

*(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 inter-bank offered rate (LIBOR) 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.

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).

*(iv) Screen Rate Determination*

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 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) on the Interest Determination Date in question plus or minus



(as indicated in the applicable Pricing Supplement) the **Margin** (if any). 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, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear as at such time, the Agent shall request the principal London office of each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the Specified Period to leading banks in the London inter-bank market at approximately 11.00 a.m. (London time) on the Interest Determination Date. If two or more of the Reference Banks provide the Agent 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.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent 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 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) on the relevant Interest Determination Date, deposits in the Specified Currency for the Specified Period by leading banks in the London inter-bank market plus or minus (as appropriate) the **Margin** (if any), or if fewer than two of the Reference Banks provide the Agent 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, at which, 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 it is quoting to leading banks in the London inter-bank market (or, as the case may be, the quotations of such bank or banks to the Agent) 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 on the last preceding Interest Determination Date (though substituting, where a different **Margin** is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the **Margin** relating to the relevant Interest Period in place of the **Margin** relating to that last preceding Interest Period).

*(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 actual number of days in the Interest Period concerned divided by 360 (or 365 or 366 if the Note is denominated in sterling), or such other denominator determined by the Agent to be customary for such calculation, and rounding the resultant figure to the nearest smallest unit of the relevant Specified Currency, one half of such a unit being rounded upwards.

*(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 listed on the London Stock Exchange) the London Stock Exchange 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 made for the purposes of the provisions of this paragraph (b), by the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders, and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

*(viii) Reference Banks*

In these Conditions the expression "Reference Banks" means the banks specified in the applicable Pricing Supplement or if none of those banks whose names appear on the Relevant Screen Page as at 11.00 a.m. (London time) 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 the principal London offices of leading banks, such other page(s) on which the banks used to determine such average appear, provided that:—

- (A) 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
- (B) if the Relevant Screen Page is not then available but such page(s) when last available displayed only one London inter-bank offered rate which was itself the arithmetic mean of the offered rates quoted by the principal London offices of leading banks, the Reference Banks shall be the banks which were used to determine such arithmetic mean.

If the Reference Rate from time to time in respect of Floating Rate Notes of a Series is specified as being other than the London inter-bank offered rate, 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 (whether on any Interest Payment Date, Fixed Interest Date, early redemption, maturity or otherwise) falls to be determined by reference to the Index and/or the Formula, the rate of interest shall be determined in accordance with the Index and/or the Formula in the manner specified in the applicable Pricing Supplement.

*(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 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 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.

## **5. Redemption and Purchase**

### **(a) At Maturity**

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

### **(b) Redemption at the option of the Issuer**

If the applicable Pricing Supplement specifies that the Notes of this 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 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 (without involving any part only of a Bearer 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 repayable:—

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount 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 to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each except (I) in the case of Floating Rate Notes denominated in sterling where it shall be made on the basis of a 365 (or, as the case may be, 366) day year and the actual number of days elapsed and (II) in the case of Floating Rate Notes where it shall be made on the basis of a 360 day year and the actual number of days elapsed.

(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 paid by 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 and Exchange of Talons**

(a) *Method of Payment*

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 unmatured 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.

Payments in respect of definitive Notes (other than Dual Currency Notes) denominated in a Specified Currency (other than ECU) or, in the case of Dual Currency Notes, payable in a Specified Currency (other than ECU) 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 Yen, to a non-resident of Japan, 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 ECU will be made by credit or transfer to an ECU account specified by the payee.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will be made in the manner specified above and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any paying Agent. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated and payable in U.S. 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 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 Cedel Bank as the holder of a particular nominal amount of Notes must look solely to The Depository Trust Company and/or Euroclear and/or Cedel Bank, 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.

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 ten 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.

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until the next following Payment Business Day and shall not be entitled to any interest or other sum in respect of any such delay. In this paragraph (a) "Payment Business Day" means any day (or, in the case of ECU, any ECU Settlement Date) on which banks are open for business in London, (in the case of any currency other than ECU) in the principal financial centre of the country of the Specified Currency and in the relevant place of presentation.

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.

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.

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 listed on the London Stock Exchange, a Paying Agent (which may be the Agent) having a specified office in London or such other place as may be approved by the London Stock Exchange and (iv) so long as any Notes are listed on the Paris *Bourse*, a Paying Agent (which may be the Agent) having a specified office in France. 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 (2) of the sixth paragraph 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.

*(b) Payments in ECU*

Payments in respect of the Notes denominated in or, in the case of Dual Currency Notes, payable in, ECU will be made in accordance with paragraph (a) except as otherwise expressly provided herein and therein. Payments in ECU will be made by credit or transfer to an ECU account specified by the payee and payments in a

component currency (if so determined in accordance with the provisions of this paragraph) will be made in the chosen currency (as defined below) at the option of the holder by cheque drawn on, or by transfer to an account specified by the payee with, a bank in the principal financial centre of the country of the chosen currency.

With respect to each due date for the payment of principal or interest on which the ECU is used neither as the unit of account of the European Communities nor as the currency of the European Union, the Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders choose a component currency (the "chosen currency") of the ECU from among the Deutsche Mark, the French franc and the Pound sterling in which all payments due on that due date with respect to such Notes, Receipts and Coupons shall be made. Notice of the chosen currency selected by the Agent shall, where practicable, be published by the Agent in accordance with Condition 13. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (b), as of the fourth business day (as defined below) in Luxembourg prior to the date on which such payment is due.

On the first business day in Luxembourg on which the ECU is used neither as the unit of account of the European Communities nor as the currency of the European Union, the Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders, choose a component currency (also the "chosen currency") of the ECU from among the Deutsche Mark, the French franc and the Pound sterling in which all payments with respect to Notes, Receipts and Coupons having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in the currency, determined as set out in this paragraph (b), as of such first business day.

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined in accordance with this paragraph by the computation agent (the "Computation Agent") being a leading bank having its head office in Europe appointed by the Issuer, and notice of whose appointment is given to the holders of Notes in accordance with Condition 13, failing which by the Agent in accordance with this paragraph. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts which were components of the ECU when the ECU was most recently used as the unit of account of the European Communities. The equivalent of the ECU in the chosen currency shall be calculated by, first, aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set forth below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

The U.S. dollar equivalent of each of the Components shall be determined by the Computation Agent or, as the case may be, the Agent on the basis of the middle spot delivery quotations prevailing at 2.30 p.m. (Luxembourg time) on the Day of Valuation, as obtained by the Computation Agent or, as the case may be, the Agent from one or more leading banks, as selected by the Agent, in the country of issue of the component currency in question.

If no direct quotations are available for a component currency as of a Day of Valuation from any of the banks selected by the Agent for this purpose because foreign exchange markets are closed in the country of issue of that currency or for any other reason, the most recent direct quotations for that component currency obtainable by the Computation Agent or, as the case may be, the Agent shall be used in computing the equivalents of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue not more than two business days before such Day of Valuation. Beyond such period of two business days, the Computation Agent or, as the case may be, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such component currency and for the U.S. dollar prevailing at 2.30 p.m. (Luxembourg time) on such Day of Valuation, as obtained by the Computation Agent or, as the case may be, the Agent from one or more leading banks, as selected by the Agent in a country other than the country of issue of such component currency. Within such period of two business days, the Computation Agent or, as the case may be, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if the Computation Agent or, as the case may be, the Agent judges that the equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. Unless otherwise specified by the Computation

Agent or, as the case may be, the Agent, if there is more than one market for dealing in any component currency by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such currency shall be that upon which a non-resident issuer of securities denominated in such currency would purchase such currency in order to make payments in respect of such securities.

All determinations made by the Computation Agent or the Agent for the purpose this paragraph (b) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and all relevant Noteholders, Receiptholders and Couponholders. Noteholders, Receiptholders and Couponholders shall not be entitled to make any claim whatsoever against the Issuer on account of or in relation to such determinations regardless of any errors or omissions with respect thereto which may be made by the Computation Agent or the Agent, as the case may be.

For the purpose of this paragraph (b) the expression "business day" means a day on which bank and foreign exchange markets are open for business in Luxembourg.

Upon substitution of the ECU by the Euro (the name to be given to the European Single Currency pursuant to Council Regulation (EC) No. 1103/97), all payments in respect of Notes payable in ECU will be payable in Euro at the rate of one Euro for one ECU. This paragraph (b) will not result in a payment in a chosen currency in such circumstances.

## **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. ECU**

The ECU in which any Notes (other than Dual Currency Notes) are denominated or, in the case of Dual Currency Notes payable in ECU, in which any payment in respect of such Notes is to be made is the same as the ECU that is from time to time used as the unit of account of the European Communities.

## **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;  
or
- (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 repayable upon the 30th day after such notice is received by the Issuer, whereupon such Note shall become so repayable 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 payable pursuant to this Condition 9, they shall be repayable in accordance with the provisions of Condition 5(d).



## **10. Prescription**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years, and claims for payment 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 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 in respect of the Notes, Receipts or Coupons first becomes due and payable but, if the full amount of the moneys payable 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 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 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 Interest Rate and/or Maximum Interest Rate, (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. Any Resolution duly passed at any such meeting will be binding on all Noteholders (whether or not they are present at such 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 quoted on the Paris Bourse and so long as that exchange so requires) in a daily newspaper of general circulation in Paris (which is expected to be *Les Echos*) or, if in either case this is not practicable, one other English language daily newspaper with general circulation in Europe as the Issuer may decide. 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) Except in the case of Notes listed on the *Paris Bourse*, 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 Cedel Bank (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 Cedel Bank (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 seventh day (or such other period as may be specified in the applicable Pricing Supplement) after the day on which the said notice was given to The Depository Trust Company (in the case of Registered Notes) or to Euroclear and Cedel Bank (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 Cedel Bank, as the case may be, in such manner as the Agent and The Depository Trust Company and/or Euroclear and/or Cedel Bank 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 repay 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.

#### **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.

### **USE OF PROCEEDS**

The net proceeds to be received by the Issuer from the issue of Notes will be included in the ordinary capital resources of the Issuer and used in its ordinary operations.

## ISSUE PROCEDURES

Each issue of Notes will initially be represented by (i) in the case of Registered Notes, a registered Global Note which will be delivered to, and registered in the name of a nominee for, The Depository Trust Company or (ii) in the case of Bearer Notes, a temporary Global Note which will be deposited with a common depository for Euroclear and Cedel Bank and which will be exchanged for a permanent Global Note or Notes in definitive form (as specified in the applicable Pricing Supplement) not earlier than 40 days after the relevant issue date upon certification of non-U.S. beneficial ownership. A registered Global Note will be exchangeable, in whole or in part, only upon 45 days' written notice on behalf of the holders of interests in the registered Global Note, for security-printed definitive Registered Notes.

If an interest payment date for any Bearer Notes occurs while such Notes are represented by a temporary Global Note, the related interest payment will be made against presentation of the temporary Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the temporary Global Note) has been received by Euroclear and/or Cedel Bank and a like certification (based on the certifications it has received) has been given by Euroclear and/or Cedel Bank to the Issuer or the Agent. On or after the date (the "Exchange Date") which is 40 days after the date on which the temporary Global Note is issued, provided that certification of non-U.S. beneficial ownership has been received, interests in the temporary Global Note will be exchangeable either for interests in a permanent Global Note or for definitive Bearer Notes (as indicated in the applicable Pricing Supplement). No payments of interest will be made on a temporary Global Note after the Exchange Date. Payments of principal or interest (if any) on a permanent Global Note will be made through Euroclear and Cedel Bank against presentation or surrender, as the case may be, of the permanent Global Note without any requirement for further certification. A permanent Global Note will be exchangeable in whole, but not in part, for security-printed definitive Bearer Notes with, where applicable, Receipts, Coupons and/or Talons attached upon not less than 60 days' written notice to the Agent from Euroclear or Cedel Bank (as the case may be) acting on instructions of the holders of beneficial interests in the permanent Global Note.

Temporary and permanent Global Notes and definitive Notes will be issued by the Agent acting on behalf of the Issuer. At the date hereof, neither Euroclear nor Cedel Bank regard Bearer Notes in global form as fungible with Bearer Notes in definitive form.

For a description of clearance and settlement of Global Notes, see "Clearance and Settlement of Global Notes in Book Entry Form" below.

The following legend will appear on all Global Notes in bearer form, definitive Bearer Notes, Coupons, Receipts and Talons: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

Any Notes may be accelerated by the holder thereof in certain circumstances described in the Terms and Conditions of the Notes. In the case of an event of default, where such Notes are still represented by a Global Note and a holder with an interest in such Global Note credited to his securities account with The Depository Trust Company, Euroclear or Cedel Bank gives notice that it wishes to accelerate such Notes, unless within a period of 15 days from the giving of such notice payment has been made in full in accordance with the terms of the Global Note, the Global Note will become void. At the same time, holders of interests in such Global Note with The Depository Trust Company, Euroclear or Cedel Bank credited to their accounts will become entitled to proceed directly against the Issuer on the basis of statements of account provided by The Depository Trust Company, Euroclear and Cedel Bank, under the terms of an amended and restated deed of covenant (the "Deed of Covenant") dated 29th August, 1997 executed by the Issuer.

The Pricing Supplement for each issue of Notes will contain such of the following information (which may be modified in relation to any particular issue of Notes by agreement between the Issuer, the Agent (to the extent that the obligations of the Agent under the Programme are affected by such modification(s)) and the relevant Purchaser or (as the case may be) Lead Manager) as is applicable in respect of the Notes of such issue (all references to numbered Conditions being to the Terms and Conditions of the Notes):—

### **Summary of the Notes**

1. The currency (including ECU) in which the relevant Notes are denominated or, in the case of Dual Currency Notes (as defined below), the currency or currency in which payment in respect of the relevant Notes is to be made (each a "Specified Currency").
2. The aggregate nominal amount of the Notes to be issued (the "Nominal Amount").
3. The type of Note, being one of the following:
  - (a) Notes bearing interest on a fixed rate basis ("Fixed Rate Notes");
  - (b) Notes bearing interest on a floating rate basis ("Floating Rate Notes");
  - (c) Notes issued on a non-interest bearing basis ("Zero Coupon Notes");
  - (d) Notes in respect of which principal or interest or both is or are calculated by reference to an Index or Formula ("Indexed Notes");
  - (e) Notes with more than one of the above characteristics or other characteristics ("Other Notes") which may include, as specified, Notes in respect of which principal or interest or both is or may be payable in one or more Specified Currencies other than the Specified Currency in which they are denominated ("Dual Currency Notes"), Notes the payment for which is to be made in instalments ("Partly Paid Notes"), Notes in respect of which repayment is to be made in instalments ("Instalment Notes").
4. The date on which such Notes will be issued (the "Issue Date").
5. The price (expressed as a percentage of the Nominal Amount) at which the relevant Notes will be issued (the "Issue Price").
6. The date on which the relevant Notes (unless previously redeemed or purchased and cancelled) will be redeemed either expressed as a fixed date or an Interest Payment Date falling in a month and year (the "Maturity Date").
7. Whether or not the relevant Notes are to be fungible with any existing Notes and, if so, details of such existing Notes including the outstanding aggregate Nominal Amount of such Notes, details of any existing Global Notes, details of relevant ISIN, CUSIP or other identifying codes and the date on which the Notes being issued become fully fungible with the existing Notes.
8. The date of the Prospectus in connection with which the Pricing Supplement is to be read.

### **Form of the Notes**

9. Whether the relevant Notes are to be in bearer form ("Bearer Notes"), registered form ("Registered Notes") or both.
10. The denomination or denominations of the relevant Notes (the "Specified Denomination(s)").
11. Whether the Notes, if in bearer form, are to be issued (i) in the form of a temporary Global Note exchangeable for a permanent Global Note on certification as to non-U.S. beneficial ownership on or after 40 days after the Issue Date and thereafter the permanent Global Note to be exchangeable for definitive Notes only upon the occurrence of an Event of Default or if Euroclear or Cedel Bank (or any other relevant clearing system) is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (ii) in the form of a temporary Global Note exchangeable for definitive Bearer Notes on or after 40 days after the Issue Date on certification as to non-U.S. beneficial ownership.
12. (a) Whether or not talons ("Talons") for future interest coupons ("Coupons") are to be attached to definitive Bearer Notes on issue.

- (b) If Talons are to be attached, the date(s) on which the Talons mature.
- 13. (a) In the case of a Global Note in registered form ("Registered Global Note"), the name and address of the registered holder.
- (b) Details of arrangements for the exchange of a Registered Global Note (if applicable) for definitive Registered Notes.

**Provisions relating to Initial Payment**

- 14. In the case of Partly Paid Notes, details of:
  - (a) the amount of each instalment (expressed as a percentage of the Nominal Amount of each Note) of the Issue Price;
  - (b) the due date(s) for payment of each instalment of the Issue Price;
  - (c) the date(s) (if any) after which the Issuer may, at its option, elect not to accept payment of any instalment and to forfeit any relevant Partly Paid Notes should payment of the relevant instalment not be made on or prior to such date together with accrued interest; and
  - (d) the rate(s) of interest to accrue on the first and any subsequent instalment(s) after the due date for payment of such instalment(s).

**Provisions relating to Interest**

- 15. In the case of Notes bearing interest, the date from which such Notes bear interest, if different from the Issue Date (the "Interest Commencement Date").

*Fixed Rate Notes:*

- 16. (a) In the case of Fixed Rate Notes, the rate(s) at which the Notes bear interest (which may remain the same throughout the life of the Notes or increase or decrease or both) (the "Fixed Rate(s) of Interest").
- (b) If applicable, the specific date(s) on which interest is payable (which may occur once or more than once in each year and which dates may or may not be the same throughout the life of the Notes) (the "Fixed Interest Date(s)").
- (c) Where the Interest Commencement Date is not a Fixed Interest Date, the amount per denomination of the first payment of interest (the "Initial Broken Amount(s)").
- (d) Where the Maturity Date is not a Fixed Interest Date, the amount per denomination of the final payment of interest (the "Final Broken Amount(s)").

*Zero Coupon Notes:*

- 17. (a) the amortisation yield (if any) in respect of such Notes (the "Accrual Yield");
- (b) the reference price agreed to be attributable to such Notes on issue (the "Reference Price"); and
- (c) if applicable, the formula or basis for determining the "Amortised Face Amount" (as described in Condition 5(d)).

*Floating Rate Notes and Indexed Notes:*

- 18. (a) If applicable, the manner in which the Rate of Interest is to be determined which (unless otherwise specified) shall be on one of the following bases:
  - (i) ISDA Determination, where the Rate of Interest is to be determined by reference to the ISDA Definitions (as defined in Condition 4(b)(iii));

- (ii) Screen Rate Determination, where the Rate of Interest is to be determined otherwise than by reference to the ISDA Definitions and by reference to one or more screen rates;
  - (iii) Indexed, where the Rate of Interest is to be determined by reference to one or more indices or formulae.
- (b) The applicable margin or margins if any (the “Margin(s)”) (which may remain the same throughout the life of the Notes or increase or decrease or both), specifying whether any such Margin is to be added or subtracted for the purposes of calculating the rate of interest applicable to the Notes (the “Rate of Interest”).
  - (c) The minimum rate of interest, if any, which the Notes will bear (which may remain the same throughout the life of the Notes or increase or decrease or both) (the “Minimum Interest Rate”).
  - (d) The maximum rate of interest, if any, which the Notes will bear (which may remain the same throughout the life of the Notes or increase or decrease or both) (the “Maximum Interest Rate”).

*If ISDA Determination:*

- 19. (a) The “Floating Rate Option”.
- (b) The “Designated Maturity”.
- (c) The “Reset Date”.

*If Screen Rate Determination:*

- 20. (a) The “Reference Rate”.
  - (b) The “Relevant Screen Page”.
  - (c) The dates on which the Rate of Interest is to be determined (each an “Interest Determination Date”).
- 21. If Indexed, the details of the Indices and/or Formulae and manner of calculation, including fallback provisions.
  - 22. If the Rate of Interest is not to be determined by ISDA or Screen Rate Determination or by reference to an Index or Formula, the details of the basis for determining the Rate of Interest.
  - 23. (a) The number of months or other period (the “Specified Period”), which may or may not be the same number of months or other period throughout the life of the Notes, by reference to which the Rate of Interest is to be determined and, if the Interest Payment Dates are to be fixed, the Interest Payment Dates.
  - (b) If applicable the relevant business day convention applicable to the calculation of interest (the “Business Day Convention”) being (unless otherwise specified) one of:
    - (i) the Floating Rate Convention;
    - (ii) the Following Business Day Convention;
    - (iii) the Modified Following Business Day Convention; or
    - (iv) the Preceding Business Day Convention,
 each as defined in Condition 4(b)(i).
  - (c) The definition of “Business Day” for the purposes of the Conditions (if different from that in Condition 4(b)(i)) including any additional city or cities in which banks are to be open for business for the purposes of determining Interest Payment Dates.

- (d) If relevant, terms relating to the calculation of interest (e.g. day count fraction, different Reference Banks, rounding up provision) and, if different from Condition 4(b)(v), denominator for calculation of Interest Amount.
- (e) The party responsible for calculation of interest.

#### **Provisions regarding Payments**

- 24. The definition of "Payment Business Day" for the purpose of Condition 6(a) or (b) if different to that set out in Condition 6.
- 25. Details applicable to Dual Currency Notes including, if applicable, by whom and how any option is exercisable.

#### **Provisions regarding Redemption/Maturity**

- 26. (a) Whether or not the Notes are to be redeemable at the option of the Issuer and, if so, the date(s) upon which redemption may occur and the redemption price(s) for the Notes or the method of calculating the same, and any other terms applicable to the redemption.
- (b) Whether or not the Notes are to be redeemable at the option of the Noteholders and, if so, the date(s) upon which redemption may occur and the redemption price(s) for the Notes or the method of calculating the same, and any other terms applicable to the redemption.
- 27. (a) The amount ("Final Redemption Amount") at which each Note (*other than* an Indexed Note where the index or formula applies to the redemption amount) will be redeemed on the Maturity Date.
- (b) The amount, or details required for the calculation of the amount, ("Final Redemption Amount") at which each Indexed Note will be redeemed on the Maturity Date where the index or formula applies to the Final Redemption Amount.
- 28. In the case of Instalment Notes, the amount of each such instalment (each an "Instalment Amount") and the date or dates (each an "Instalment Date") on which each instalment is repayable.
- 29. The redemption amount ("Early Redemption Amount") in respect of the Notes payable on redemption following an Event of Default or the method (if applicable) of calculating the same if required to be specified in the applicable Pricing Supplement by, or if different from that set out in, Condition 5(d).

#### **Distribution, Clearing and Settlement Provisions**

- 30. The method of distribution of the relevant Notes.
- 31. If syndicated, names of Managers or, if non-Syndicated, names of Purchasers.
- 32. The name (if applicable) of the Stabilising Dealer/Manager.
- 33. Any additional sales restrictions.
- 34. Details of additional/alternative clearing system approved by the Issuer and the Agent.
- 35. As appropriate, the Common Code for Euroclear and Cedel Bank, the ISIN and the CUSIP Number applicable to the relevant Notes.
- 36. (a) Whether or not the Notes are to be listed.
- (b) If the Notes are to be listed the stock exchange or stock exchanges on which such listing is to be effected.

37. In the case of any Notes listed on the Paris *Bourse*:

- (a) the Sicovam number or numbers, if any;
- (b) the name and address of the Paying Agent in France;
- (c) (i) the address at which documents incorporated by reference (or otherwise to be made available for inspection in Paris) may be inspected;
- (ii) a list of documents available for inspection;
- (d) the number of Notes to be issued in each Specified Denomination;
- (e) the name of the specialist broker;
- (f) a responsibility statement (signed manually by a person duly authorised on behalf of the Issuer and the relevant Dealer or, in the case of a syndicated issue, the relevant Lead Manager (or other Paris Listing Agent)) accepting responsibility for the information contained in the applicable Pricing Supplement in the following form:

*PERSONNES QUI ASSUMENT LA RESPONSABILITE DE LA PRESENTE NOTE  
D'INFORMATION COMPOSEE DE LA PRESENTE NOTE D'OPERATION (PRICING  
SUPPLEMENT) [DE LA NOTE D'INFORMATION AYANT RECU DE LA COB LE VISA  
NO. [ ] DU [DATE]] ET DU DOCUMENT DE BASE (PROSPECTUS)*

*1. Au nom de l'émetteur*

*A la connaissance de l'émetteur, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.*

*European Bank for Reconstruction and Development*

*By: .....*

*Aucun élément nouveau, [autres que ceux mentionnés dans la présente Note d'Opération,] intervenu depuis:*

*— le 27 août 1997, date du no. P97-294 apposé par la Commission des Opérations de Bourse sur le Document de Base (Prospectus),*

*— [le [ ]], date du visa no. [ ] apposé par la Commission des Opérations de Bourse sur la Note d'Information,]*

*n'est susceptible d'affecter de manière significative la situation financière de l'émetteur dans le contexte de la présente émission.*

*2. Au nom de la banque présentatrice*

*A la connaissance de la banque présentatrice, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.*

*[Name of the relevant Dealer/Lead Manager]*

*By: .....*

- (g) a statement in French in respect of the Pricing Supplement in the following form:

*"La notice légale sera publiée au Bulletin des Annonces Légales Obligatoires (BALO) du [date]. La présente Note d'Information ne peut pas être distribuée en France avant la date effective de cotation de l'emprunt à la Bourse de Paris et la publicité légale au BALO."*



- (h) the number allocated by the COB in respect of the Prospectus and *visa* number allocated to the Pricing Supplement in the following form:—

**“VISA DE LA COMMISSION DES  
OPERATIONS DE BOURSE**

*En vue de la cotation à Paris des obligations, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le Document de Base sous le no. P97-294 du 27 août, 1997 et a apposé sur la présente Note d'Information le visa no. [       ] du [date].”*

If the relevant Pricing Supplement specifies any modifications to the Terms and Conditions of a specific issue of Notes it is envisaged that, to the extent that such modifications (not being significant for the purposes of section 147 of the Financial Services Act 1986) relate to Conditions other than Conditions 2, 3, 7 and 9, they will not necessitate the preparation of supplementary listing particulars. If Conditions 2, 3, 7 or 9 are to be modified in any respect, it is envisaged that supplementary listing particulars or, if appropriate, further listing particulars describing the modifications will be prepared.

## CLEARANCE AND SETTLEMENT OF GLOBAL NOTES IN BOOK ENTRY FORM

### 1. The Clearing Systems

#### (a) *Euroclear and Cedel Bank*

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

#### (b) *The Depository Trust Company*

The Depository Trust Company, New York ("DTC") is a limited-purpose trust company organised under the banking laws of the State of New York, and is a member of the Federal Reserve System. It is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to DTC is also available to others who clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Commission.

Persons having a beneficial interest in Notes held in DTC's book-entry settlement system must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such persons in relation to such Notes. In particular, the ability of such persons to pledge their interest in such Notes to persons or entities that do not participate in the DTC book-entry settlement system may be limited. So long as such Notes are traded through DTC's book-entry settlement system, ownership of beneficial interests in such Notes will (unless otherwise required by applicable law) be shown on, and transfers of such beneficial interests may be effected only through, records maintained by (a) DTC or its registered nominee (as to participant-interests) or (b) institutions having accounts with DTC.

Payments of principal and interest (if any) in respect of Notes represented by a Registered Global Note held by Cede & Co. as nominee for DTC and denominated in a Specified Currency other than U.S. dollars will be made by DTC in U.S. dollars in the manner described below unless DTC is notified by any of the DTC participants that such participant elects to receive such payment of principal or interest in such Specified Currency. On or prior to the third business day in New York City after the record date for payment of interest and twelve business days in New York City prior to the date for payment of principal, such DTC participant must notify DTC of (i) its election to receive all, or a specified portion, of such payment in the Specified Currency and (ii) its instructions for wire transfer of such payment to a non-U.S. dollar account. DTC will notify the Agent on or prior to the fifth New York business day after the record date for payment of interest and ten New York business days prior to the date for payment of principal of the portion of such payment to be received in the Specified Currency and the applicable wire transfer instructions and the Agent will use such instructions to pay the participants directly. If an issue of Notes is denominated in a Specified Currency other than U.S. dollars, the Issuer's obligation under the Notes is to make payment of principal and interest (if any) in such Specified Currency. However the Issuer has arranged for such Specified Currency to be converted into U.S. dollars in accordance with an Exchange Rate Agency Agreement between the Issuer and the Agent dated 31st July, 1992 (the "Exchange Rate Agreement"). The Agent will enter into a contract on or prior to 11.00 a.m., New York City time, on the second New York business day preceding the applicable payment date for the purchase of U.S. dollars with the Specified Amount of the non-U.S. dollar Specified Currency for settlement on such payment date. "Specified Amount" shall mean the aggregate amount of the Specified Currency payable to participants of DTC that have elected to receive U.S. dollars. If the payment date is not both a New York City business day and a business day in the Specified Currency, delivery of U.S. dollars will occur on the next succeeding New York City business day and business day in the Specified Currency. "New York City business day" and "business day in the Specified Currency" shall mean any day on which commercial banks and foreign exchange markets settle payments in New York City or in the Specified Currency, as the case may be. Copies of the Exchange Rate Agreement will be available for inspection at the specified office of the Agent.

## **2. Clearance and Settlement**

### **(a) Registered Notes**

Unless otherwise specified in the applicable Pricing Supplement, Registered Notes will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co. as DTC's nominee. Such Notes will be represented by one or more Registered Global Note.

Investors may hold their interests in the Registered Global Note directly through DTC, Euroclear or Cedel Bank if they are participants in such systems, or indirectly through organisations which are participants in such systems. Euroclear and Cedel Bank will hold Notes on behalf of their participants through customers' securities accounts in their respective names on the books of DTC.

On original issuance of each series of Registered Notes, participants in DTC ("DTC Participants") acting on behalf of purchasers electing to hold Notes through DTC will follow the settlement practices applicable to securities eligible for DTC's Same-Day Funds Settlement ("SDFS") system. DTC Participants' securities accounts will be credited with Notes against payment in same day funds on the settlement date. Purchasers electing to hold Notes through Euroclear or Cedel Bank accounts will follow the settlement procedures applicable to conventional euro-medium term notes. Notes will be credited to securities custody accounts of participants in Euroclear and Cedel Bank ("Euroclear Participants" and "Cedel Participants", respectively) against payment on the settlement date in same-day funds.

Secondary market transfers between DTC Participants settled in U.S. dollars will be effected in the ordinary way and will be settled in same day funds in accordance with DTC rules and procedures applicable to securities eligible for SDFS system. Transfers between DTC Participants settled in currencies other than U.S. dollars will follow the delivery practices applicable to securities eligible for DTC's SDFS system but payment will be made outside DTC.

Secondary market transfers between Euroclear Participants and Cedel Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross market transfers between Euroclear Participants or Cedel Participants and DTC Participants where the DTC Participant is the seller and the Euroclear Participant or Cedel Participant is the purchaser will be effected as follows:—

Euroclear Participants or Cedel Participants will transmit, at least one business day prior to the settlement date, instructions to Euroclear or Cedel Bank, as the case may be, to receive Notes on either a delivery against payment basis or free of payment basis. The DTC Participant will instruct DTC to transfer such Notes to the account of Euroclear or Cedel Bank on the books of DTC on either a delivery against payment basis or free of payment basis. If payment is to be made in currencies other than U.S. dollars, payment will be made outside DTC.

Cross market transfers between Euroclear Participants or Cedel Participants and DTC Participants where the Euroclear Participant or Cedel Participant is the seller and the DTC Participant is the purchaser will be effected as follows:—

DTC Participants will transmit, at least one business day prior to the settlement date, instructions to DTC to receive Notes on either a delivery against payment basis or free of payment basis. The Euroclear Participant or Cedel Participant, as the case may be, will instruct Euroclear or Cedel Bank to transfer such Notes to the account of the DTC Participant on either a delivery against payment basis or free of payment basis. Payment will be made by the DTC Participant to the Euroclear Participant or Cedel Participant to the account specified by the Euroclear Participant or Cedel Participant, or, if such participant has specified a Euroclear or Cedel Bank account as appropriate, to such Euroclear or Cedel Bank account. If payment is to be made in currencies other than U.S. dollars, payment will be made outside DTC.

### **(b) Bearer Notes**

Bearer Notes which will initially be represented by one or more temporary Global Notes which will be deposited with, or on behalf of, the common depositary for Euroclear and Cedel Bank. Interests in such temporary Global Notes will be exchangeable for interests in a permanent Global Note upon certification of non-U.S. beneficial ownership. See "Issue Procedures".

Transfers of interests in Bearer Notes between participants in Euroclear and Cedel Bank will be effected in the ordinary way in accordance with their respective rules and operating procedures.

## EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

### Introduction

The Issuer is an international organisation formed under the Agreement Establishing the European Bank for Reconstruction and Development dated 29th May, 1990 (the "Agreement") signed by 40 countries, together with the European Economic Community and the European Investment Bank. The Agreement came into force on 28th March, 1991 and the Issuer commenced operations on 15th April, 1991. The Issuer currently has 60 members. The Issuer's principal office is in London.

### The Agreement

The Agreement is the Issuer's governing constitution. It sets forth the Issuer's purpose and functions, its capital structure and organisation, authorises the operations in which it may engage, prescribes limitations on the carrying-out of those operations and establishes the status, immunities, exemptions and privileges of the Issuer. The Agreement also contains provisions with respect to the admission, withdrawal and suspension of members, increases of the Issuer's authorised capital stock, the terms and conditions under which the Issuer may make or guarantee loans or make equity investments, the use of currencies held by it, amendments to and interpretations of the Agreement and the suspension and termination of the Issuer's operations.

### Purpose and Functions of the Issuer

The purpose of the Issuer is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its member countries in Central and Eastern Europe which are committed to and applying the principles of multiparty democracy, pluralism and market economics. The Issuer's "countries of operations" are located in Central and Eastern Europe and in the territory of the former Soviet Union.

To fulfil its purpose on a long-term basis, the Issuer is to assist its countries of operations to implement structural and sectoral economic reforms, including de-monopolisation, decentralisation and privatisation, to help their economies become fully integrated into the international economy by measures:—

- to promote, through private and other interested investors, the establishment, improvement and expansion of productive, competitive and private sector activity, in particular small and medium-sized enterprises;
- to mobilise domestic and foreign capital and experienced management to the end described above;
- to foster productive investment, including in the service and financial sectors and in related infrastructure, where that is necessary to support private and entrepreneurial initiative, thereby assisting in creating a competitive environment and raising productivity, the standard of living and conditions of labour;
- to provide technical assistance for the preparation, financing and implementation of relevant projects, whether individual or in the context of specific investment programmes;
- to stimulate and encourage the development of capital markets;
- to give support to sound and economically viable projects involving more than one recipient member country;
- to promote in the full range of its activities environmentally sound and sustainable development; and
- to undertake such other activities and provide such other services as may further these functions.

The Issuer's founders considered the successful transition of the countries of operations to market-oriented economies to be closely linked to parallel progress towards multiparty democracy, pluralism and the rule of law. Consequently, these political aspects of the Issuer's mandate are monitored and encouraged by the Issuer as part of the process of assisting the transition of the countries of operations to market economies. The Issuer assesses the economic and political progress made by the countries of operations as part of the regular review of its operations strategy for each country.

### **Legal Status, Privileges and Immunities**

The Agreement contains provisions which accord the Issuer legal status and certain immunities and privileges in the territories of each of its members. Certain of these provisions are summarised below.

The Issuer has full legal personality with capacity to contract, to acquire and dispose of immovable and movable property and to institute legal proceedings. Under the Headquarters Agreement between the United Kingdom and the Issuer, dated 15th April, 1991, the Issuer, within the scope of its official activities, enjoys immunity from jurisdiction, subject to certain limited exceptions including civil actions arising out of its powers to borrow money, guarantee obligations and to buy or sell or underwrite securities. Outside the United Kingdom, actions may be brought against the Issuer only in a court of competent jurisdiction in the territory of a country in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action against the Issuer may be brought by its members or persons acting for or deriving claims from its members.

The property and assets of the Issuer are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. The archives of the Issuer are inviolable.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Issuer, including experts performing missions for it, are immune from legal process for acts performed by them in their official capacities, except when the Issuer waives such immunity.

### **Taxation**

Within the scope of its official activities, the Issuer, its assets, property, and income are exempt from all direct taxes imposed by any member. An exemption from indirect taxes applies when purchases or services of substantial value necessary for the exercise of the official activities of the Issuer are made or used by the Issuer. The Issuer is also exempt from all import and export duties and taxes as well as from import and export prohibitions and restrictions with respect to goods necessary for the exercise of its official activities.

No tax of any kind is to be levied on any obligation or security issued by the Issuer, including any dividend or interest thereon, which discriminates against such obligation or security solely because it is issued by the Issuer, or if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Issuer.

Consistent with accepted international practice to accord certain immunities and privileges to international organisations, the Government of the United Kingdom has enacted legislation providing an exemption from the obligation to withhold tax from interest and certain other types of payments made by designated international organisations. The Issuer has been designated an international organisation to which this exemption is granted. Accordingly, payments of interest may be made by the Issuer or a paying agent without any withholding or deduction for or on account of United Kingdom income tax.

## Board of Directors

Set forth below are the members of the Board of Directors of the Issuer, their Alternates, and the member countries which they represent.

<i>Directors</i>	<i>Alternates</i>	<i>Members Represented</i>
Bielecki Jan	Kabaktchiev Bojidar	Poland/Bulgaria/Albania
Bukspan Elisabeth	Bernadine Lucien	France
Coleman John	MacDonald Tom	Canada/Morocco
Crona Staffan	Emsgård Håkan	Sweden/Iceland/Estonia
Gersfelt Torsten	Brown Tony	Denmark/Ireland/Lithuania/Former Yugoslav Republic of Macedonia
Graham-Harrison Robert	Gibbs Alex	UK
van Ballekom Pim	Spaans Kees	Netherlands
Jaggi Wilhelm	Demiralp Selçuk	Switzerland/Turkey/Liechtenstein/ Uzbekistan/Kyrgystan/Azerbaijan/ Turkmenistan
Jernov Mikhail	Tatianchenko Michail	Russian Federation/Belarus/Tajikistan
Lavelle Roger	Cernoia Walter	EIB
Luschin Heiner	Rubin Amos	Austria/Israel/Cyprus/Malta/Kazakhstan
Nars Kari	Næss Rolf	Finland/Norway/Latvia
Parízek Tomáš	Bod Péter	Czech Republic/Hungary/Slovak Republic/Croatia
Petit-Laurent Philippe	Lelakis Vassili	EC
Poluneev Yuri	Sultanoiu Maria	Ukraine/Romania/Moldova/Georgia/ Armenia
Quattrocio Enzo	Terracciano Pasquale	Italy
Ro Huhn-Gunn	Short Jim	Korea/Australia/New Zealand/Egypt
Shepherd Karen	—	USA
Snoy Bernard	Heinen Georges	Belgium/Luxembourg/Slovenia
Soares Carneiro Fernando	Vavalidis Stefanos	Portugal/Greece
Tatebe Kazuhito	—	Japan
Valle Miguel	Escribano Carlos	Spain/Mexico
Winkelmann Günter	Hacker Joachim	Germany

Bosnia and Herzegovina has not yet assigned its votes to a Director.

For the purpose of the business of the Issuer the address of each of the Directors is the principal office of the Issuer.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (the "Programme Agreement") dated 29th August, 1997 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Terms and Conditions of the Notes" and "Issue Procedures" above. In the Programme Agreement the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

The following is a description of the contractual and certain other restrictions applicable to the Programme:—

### United States

Under the provisions of Section 9(A) of the European Bank for Reconstruction and Development Act of the United States, the Notes are exempted securities within the meaning of Section 3(a)(2) of the Securities Act and Section 3(a)(12) of the U.S. Securities Exchange Act of 1934, as amended.

Bearer Notes 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 possessions or to U.S. persons. Each Dealer has agreed that it will not offer, sell or deliver a Bearer Note within the United States or its possessions or to U.S. persons except as permitted by the Programme Agreement.

Each issue of Indexed Notes and Dual Currency Notes may be subject to such additional U.S. selling restrictions which, if required, will be specified in the applicable Pricing Supplement. Each Dealer has agreed and each other Purchaser will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

### United Kingdom

Each Dealer has represented and agreed and each other Purchaser will be required to represent and agree that it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done or to be done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### Japan

In the case of Notes denominated in yen, each Dealer understands that the relevant Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan. Accordingly, such Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan (except in compliance with the Securities and Exchange Law of Japan and all other applicable laws and regulations in Japan).

Certain issues of Notes denominated or payable in Yen ("Yen Notes") are subject to the prior approval of the Minister of Finance of Japan. In connection with the issue of Yen Notes, the Issuer is required to comply with all applicable laws, regulations and guidelines, as amended from time to time, of the Japanese governmental and regulatory authorities.

### Germany

In connection with the initial placement of any Notes in Germany, each Dealer has agreed and each Purchaser will be required to agree, unless otherwise provided in the relevant Syndication Agreement in the case of an issue made on a syndicated basis, that it will offer and sell Notes (i) only for an aggregate purchase price per purchaser of at least DM80,000 (or the foreign currency equivalent) or such other amount as may be stipulated

from time to time by applicable German law or (ii) in accordance with the provisions of the German Securities Prospectus Act of 13th December, 1990, as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities.

### **Republic of France**

Each Dealer has agreed and each Purchaser will be required to agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any French Franc Notes to the public in the Republic of France, and that it has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this Prospectus or any other offering material relating to French Franc Notes. In addition, each Dealer has agreed and each Purchaser will be required to agree that French Franc Notes will be issued outside the Republic of France.

### **General**

Each Dealer has agreed and each other Purchaser will be required to agree that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.



## **GENERAL INFORMATION**

### **Listing of Notes on the London Stock Exchange**

The listing of Notes on the London Stock Exchange will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each issue of Notes which is to be admitted to the Official List of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of each such issue. Listing of the Notes to be issued under the Programme as amended is expected to be granted by the London Stock Exchange on or about 3rd September, 1997.

### **Authorisations**

All necessary internal authorisations in connection with the issue of the Notes under the Programme have been or will be obtained prior to the issue of any Notes. The Issuer has obtained all consents, approvals, authorisations and other orders of regulatory authorities required to be obtained by the Issuer in connection with the issue of the Notes (other than the approval of a member of the Issuer which is required pursuant to Article 20(i) of the Agreement Establishing the European Bank for Reconstruction and Development dated 29th May, 1990 which may not be obtained at the date of this Prospectus but which will be obtained prior to the issue of any Notes denominated in the currency of such member and prior to any sale of any Notes in the territory of such member) and the amendments to, and increase in the maximum amount of, the Programme to enable the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

### **Clearance Systems**

The Notes have been accepted for clearance through the Euroclear and Cedel Bank systems. The common code for each issue allocated by Euroclear and Cedel Bank and details of any other agreed clearance system (including Sicovam) will be contained in the relevant Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Unless specified in the applicable Pricing Supplement, the Registered Notes have been accepted for clearance through The Depository Trust Company. The CUSIP number for each issue will be contained in the relevant Pricing Supplement.

### **Significant or Material Change**

Since 31st December, 1996 there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the prospects of the Issuer.

### **Litigation**

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the twelve months prior to the date hereof a significant effect on the financial position of the Issuer.

### **Documents Available for Inspection and Collection**

From the date hereof and throughout the life of the Programme, copies of the following documents will, when published, be available for inspection at the principal office in London of the Issuer and from the specified office of the Agent:—

- (i) the Agreement Establishing the European Bank for Reconstruction and Development dated 29th May, 1990 and the Headquarters Agreement dated 15th April, 1991;
- (ii) the annual reports of the Issuer and the accounts of the Issuer in respect of the two years ended 31st December, 1996;

- (iii) the unaudited quarterly Profit and Loss Account and Balance Sheet of the Issuer at 30th June, 1997;
- (iv) all future annual reports and annual accounts of the Issuer;
- (v) the Programme Agreement, the Agency Agreement (which contains the forms of the global Notes and the definitive Notes, the Receipts, the Coupons and the Talons), the Exchange Rate Agency Agreement and the Deed of Covenant;
- (vi) this Prospectus;
- (vii) any future prospectuses, offering circulars, information memoranda and supplements (including any supplementary listing particulars and, in the case of listed Notes only, the Pricing Supplement) to this Prospectus and the documents incorporated herein and therein by reference; and
- (viii) in the case of a syndicated issue of Notes, the Syndication Agreement (or equivalent document).

#### **European monetary union**

Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"), the currency composition of the ECU may not be changed. The Treaty contemplates that European monetary union will occur in three stages, the second of which began on 1st January, 1994 with the entry into force of the Treaty on European Union. The Treaty provides that, at the start of the third stage of the European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed, and the ECU will become a currency in its own right. On 17th June, 1997, the Council of the European Union adopted Council Regulation (EC) No. 1103/97 on certain provisions relating to the introduction of the Euro which provides that the name of that currency will be the Euro and that, in accordance with the Treaty, substitution of the Euro for the ECU will be at the rate of one Euro for one ECU. From the start of the third stage of European monetary union, all payments with respect to Notes payable in ECU will be payable in Euro at the rate of one Euro for one ECU.

### **Listing of Notes on the Paris Bourse**

Under regulations made by the French *Trésor*, French Franc Notes are recommended to be listed on the Paris *Bourse* where either (a) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (b) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). The following procedures will apply, *inter alia*, to French Franc Notes which are to be so listed.

#### *(i) Commission des Opérations de Bourse (COB)*

Prior to listing of any Notes on the Paris *Bourse*, the Pricing Supplement applicable to each issue of Notes to be listed on the Paris *Bourse* is currently required to be approved by the COB at the time of the relevant issue. The relevant approval will be evidenced by the issue of a *visa* by the COB. The *visa* number will be disclosed in the Pricing Supplement applicable to the relevant Notes.

#### *(ii) Bulletin des Annonces Légales Obligatoires (BALO)*

Notes to be listed on the Paris *Bourse* may not be offered in France and the publication of the Pricing Supplement applicable thereto will not be made before details of the relevant Notes (in the form of a *notice légale*) have been published in the BALO.

#### *(iii) SBF-Bourse de Paris ("SBF")*

The listing of Notes on the Paris *Bourse* is subject to approval by the SBF. Such approval will be evidenced by publication in the *Bulletin de la SBF - Bourse de Paris*.

#### *(iv) Filing of Constitutive Documents*

Prior to listing of any Notes on the Paris *Bourse* a French translation of the Issuer's constitutive documents will be filed with the *Greffe du Tribunal de Commerce de Paris*.

#### *(v) Documents available for inspection*

In the case of Notes listed on the Paris *Bourse*, the relevant Pricing Supplement will specify any additional places in Paris at which documents incorporated herein by reference (or otherwise required to be made available for inspection) may be inspected during normal business hours. The Issuer has undertaken to make such documents available as so required.

*PERSONNES QUI ASSUMENT  
LA RESPONSABILITE DU DOCUMENT DE BASE EN CE QUI CONCERNE LES TITRES QUI  
SERONT ADMIS A LA NEGOCIATION AU PREMIER MARCHE DE LA  
BOURSE DE PARIS, COMPARTIMENT INTERNATIONAL*

*1. Au nom de l'émetteur*

*A la connaissance de l'émetteur, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.*

*European Bank for Reconstruction and Development*

*By: Marcus Fedder*

*Title: Treasurer*

*2. Au nom de la banque présentatrice*

*A la connaissance de la banque présentatrice, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.*

*Merrill Lynch Finance SA*

*By: Bruno de Pampelonne*

*Title: Directeur Général*

*LA COMMISSION DES OPERATIONS DE BOURSE*

*En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce Programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le présent Document de Base sous le no. P97-294 du 27 août 1997.*

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