IPMA HANDBOOK ARCHIVE

IPMA HANDBOOK

as at

OCTOBER 2004

EXPLANATORY NOTES

This copy of the IPMA Handbook incorporates all updates to the Handbook published to date, including the extensive restructuring of the Handbook published in the March 2004 update and the latest October 2004 update.

October 2004

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INTERNATIONAL

PRIMARY

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ASSOCIATION

MEMBERS AND RECOMMENDATIONS

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SECTION ONE

RECOMMENDATIONS APPLICABLE TO ISSUES OF DEBT INSTRUMENTS INCLUDING EQUITY-LINKED DEBT INSTRUMENTS

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NOTES APPLICABLE TO ALL RECOMMENDATIONS IN SECTION ONE

1. Whenever the term *Lead Manager* is used, this is presumed to be the bookrunner. There can only be one new bookrunner per issue.

2. A Lead Manager who intends to deviate from the recommended procedure is expected so to inform the management and underwriting group at the time of the invitation to participate.

3. IPMA's Members acting as Lead Managers in issues of Euro-securities as defined in the EC Prospectus Directive (89/298/EEC) will be presumed – unless and to the extent that the contrary is stated on the screen, telephone invitation and the invitation telex – to be applying IPMA Recommendations to the issue.

For issues launched in other circumstances, the Lead Manager should either state on the screen, telephone invitation and the invitation telex that IPMA Recommendations are applicable if that is the case or, if some but not all of IPMA Recommendations are to be applicable, this fact, together with an indication of which Recommendations are excluded, should be similarly stated.

The definition in the Prospectus Directive is as follows:

"Euro-securities" shall mean transferable securities which:

– *are to be underwritten and distributed by a syndicate at least two of the members of which have their registered offices in different States, and*

– *are offered on a significant scale in one or more States other than that of the issuer's registered office, and*

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– *may be subscribed for or initially acquired only through a credit institution or other financial institution.*

4. Recommendation 2.1 in Section Two also applies to issues or offerings of bonds convertible into, exchangeable for or redeemable in, or bonds with warrants exercisable into, equity.

5. Whenever the term *equity* is used, it includes shares of any description, whether or not voting rights or dividend rights are restricted.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.1

EARLY DISCLOSURE OF TERMS

1. The invitation telex should be considered as the basis of the syndicate participant's commitment subject to the signed syndicate agreements. The Lead Manager should however advise all invited parties by screen or telephone at the earliest possible moment of the basic commercial and non-commercial terms of an issue. In the case of screen displays the telephone conversation may be limited to the invitation.

2. Apart from the commercial terms of an issue, the screen or telephone invitation and/or invitation telex should as a minimum address the following matters (on which further information may be contained in Appendix B under the headings below or elsewhere in the IPMA Handbook):

- Guarantees
- Ratings
- Ranking
- Negative Pledge
- Market Related Call Provisions
- Taxation, Tax Redemption and Protection Against Identification or Certification
- Sales Restrictions, Lock-up Provisions and Private Placement Arrangements

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- Expense Caps, Payment of Commissions, Deductibility of Expenses, Stabilisation Accounts
- Force Majeure
- Cross Default
- Governing Law
- Form in which securities will be available (permanent global/ semi-permanent global/definitive)

3. An early positive response to a screen or telephone invitation may be reversed upon receipt of the invitation telex only if there are changes in or additions to the basic commercial or non-commercial terms of the issue. If there are subsequent material changes in or additions to the invitation telex (whether in the agreements or otherwise), commitments may be withdrawn but for these reasons only.

4. If the issue is under a Debt Programme, the Lead Manager should promptly send to any manager who requests it a complete copy of:

- the "base" documentation under which the issue is being made (for example, the dealer agreement); and
- the prospectus (or equivalent document) for the Debt Programme, including any supplement or updates to it.

In addition, the Lead Manager will use its best efforts to procure that the issuer promptly supplies to each manager such additional copies of the prospectus (or equivalent document) and any supplement or updates to it as that manager may require.

5. If the issue is under a Debt Programme, the screen or telephone invitation and/or invitation telex should, in addition to the matters set out in paragraph 2, indicate:

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– that fact;

– whether there will be a requirement for the managers to confirm to the Lead Manager when they have completed distribution of securities and, if so, the identity of the person to whom that confirmation should be sent; and

– securities (if any) with which the securities to be issued are to be fungible.

Notes

– The information contained in Appendix B serves to facilitate early disclosure and is in no way intended to substitute for professional advice.

– Appendix A contains a full check-list of disclosure requirements for debt and equity-related debt instruments.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.2

This Recommendation does not apply to equity-linked debt issues.

TIMING OF ALLOTMENTS

Final allotments, if any, to managers, whether the issue is structured as a pot, partial pot or full retention deal, should be made no later than pricing of the issue, except in the case of pre-priced issues. Allotments for pre-priced issues should be made no later than the time managers are notified of their commitments, which should be by close of business on the day the issue is launched. Securities not allotted in accordance with this Recommendation should be retained by the Lead Manager(s)/Joint Bookrunners for his/their own account and risk.

The application of this Recommendation does not obviate the obligation of management group members under other provisions of the syndicate agreements, such as the provisions relating to defaulting syndicate members.

March 2004 *(revised)*

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.3

This Recommendation does not apply to equity-linked debt issues.

OPEN UNDERWRITING COMMITMENT

Where the initial underwriting commitment offered to prospective management group members is indicated as a range of amounts, it is recommended that the lower amount shall not be less than 75% of the higher amount.

PROTECTION

In pre-priced offerings of debt and equity-related instruments which are syndicated among managers only, Lead Managers should grant pre-allotments of not less than 50% of the finalised or expected minimum underwriting commitments if so required by management group members at the time of their acceptances of the syndicate invitations.

May 2003 *(reviewed)*

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.4

CO-MANAGER WITHOUT UNDERWRITING OBLIGATION

Lead Managers should not offer underwriting participations on the basis of a tacit or overt understanding or agreement to repurchase the commitment or restrict the allotment to a significantly reduced portion of the commitment.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.5

DISTRIBUTION OF DRAFT DOCUMENTATION AND EXECUTION OF AGREEMENTS

1. In respect of each issue, it is the duty of the Lead Manager to send to each of the managers the final version of the agreements and any auditors' arrangement letter required to be executed by them or on their behalf together with the latest draft of the prospectus or offering circular (if one is being prepared for the issue) for receipt not later than two full business days prior to the signing.

In the case of an issue under a Debt Programme, the documentation to be provided under this Recommendation includes the pricing supplement for the issue and, if one is being produced, any supplement to the information memorandum, prospectus or offering circular for the programme.

If a 'red herring' or preliminary prospectus is being produced for an issue, the Lead Manager must send the latest draft to any manager whose name is to be printed on the preliminary prospectus, for receipt not later than two full business days before the preliminary prospectus is published. A manager whose name is to be printed on the 'red herring' or preliminary prospectus is entitled to assume that the draft underwriting agreement will be circulated at the same time, unless notified by the Lead Manager to the contrary. 'Prospectus' includes offering circulars, information memoranda, or any similar document.

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If the above practices cannot be observed, then, exceptionally but alternatively, the Lead Manager will make such documentation available not less than two full business days prior to the signing in its offices in the place of signing and, if the signing is not in London, also in the offices of its nominated representative in London.

2. Lead Managers requesting managers to appoint authorised signatories to execute agreements on their behalf, and managers in providing such appointments, should use the following form:

Quote

We, [Name of your Institution], hereby appoint [Name of your signatory] or [Names of Lead Managers' signatories] acting alone with power to execute and deliver on our behalf the [Name of documents] in connection with the issue by [Name of issuer] of its [Description of securities being issued] and to take any other action necessary in connection with such issue.

By: ..... Dated: .....
Authorised representative(s)

End quote

Note:

It is recognised that adaptations to the above form may be required to be made by managers to reflect particular local or corporate requirements.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.6

This Recommendation has been withdrawn

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.7

This Recommendation does not apply to equity-linked debt issues.

STABILISATION ACCOUNTS

1. Price stabilisation by a Lead Manager should assist in the orderly distribution of an issue, thus promoting an orderly secondary market and ultimate liquidity. Lead Managers should therefore only enter into stabilisation activity in order to encourage the orderly primary distribution of securities. Stabilisation activity should cease on the closing date of the issue.

2. Lead Managers should not deduct stabilisation costs from fees paid to syndicate participants (or otherwise stabilise for the account of the syndicate).

3. Paragraph 2 does not apply between Joint Bookrunners and Joint Lead Managers of an issue. When they have agreed that stabilisation will be carried out for a particular issue, the Joint Bookrunner or Joint Lead Manager appointed as Stabilising Manager, and a Stabilising Agent who is a Joint Bookrunner or Joint Lead Manager, may charge stabilisation losses to the other Joint Bookrunner(s)/Joint Lead Manager(s) and must account to the other Joint Bookrunner(s)/ Joint Lead Manager(s) for stabilisation profits, in both cases without limit, and pro rata to such manager's underwriting commitment.

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4. IPMA Standard Documentation and Standard Language sub-section VII contains a standard form letter, setting out IPMA Agency standard terms, which can be used by Stabilising Managers to appoint Stabilising Agents for the purposes of the Price Stabilising Rules issued by the UK Financial Services Authority.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.8

This Recommendation does not apply to equity-linked debt issues.

PAYMENT AND REIMBURSEMENT OF EXPENSES AND FEES

1. Managers' fees should be paid no later than closing date.

2. Profits realised or losses incurred as a result of over-allotment or stabilisation activities, including borrowing charges connected therewith and taking into account related hedging activities, should not be added or deducted except in the circumstances described in Paragraph 3 of Recommendation 1.7 on Stabilisation Accounts.

3. Legal costs of the issuer, the cost of the issuer's professional advisers, the prospectus and expenses incurred for the listing, printing and delivery of the bonds or notes and for all necessary approvals should not be charged against fees paid to the syndicate. Appendix B (xi) refers.

4. Direct out-of-pocket expenses of a Lead Manager which exceed the expense reimbursement by the issuer should not be charged against fees paid to the syndicate. Any such excess may be shared by Joint Bookrunners and Joint Lead Managers pro rata to their underwriting commitments. The arrangements for reimbursement of expenses by the issuer, including the amount of any cap on expenses, should be disclosed to the Joint Lead Managers by the Joint Bookrunners when they are invited to join an issue.

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5. If a Lead Manager reimburses the issuer for any material amount of its fees or expenses directly associated with the issue of the bonds or notes, such fact should be disclosed in the offering circular or pricing supplement, as appropriate. If the fees for such an issue are disclosed in the screen announcement, the Lead Manager should state that such fees otherwise payable to the Lead Manager and/or Joint Bookrunners may be subject to some rebate to the issuer. This can be disclosed on the screen using the format 'IPMA/LM Rebate'.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.9

This Recommendation does not apply to equity-linked debt issues.

LATE PAYMENT OF FEES

Lead Managers should settle fees by the date specified in Recommendations 1.8 and 1.20.

If any fees due to a manager have not been paid on the date on which they are due, the Lead Manager should in addition pay interest of 1% per month or part thereof, such interest to be calculated from (but excluding) the date on which the fees are due and to be added to the amount on which interest is so calculated at the end of each period of 30 days thereafter. The interest rate of 1% per month shall apply to all currencies. It shall be added to the payment of the fees but identified separately. In case of dispute the Lead Manager may be asked by IPMA to provide evidence as to the dates when payments were effected.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.10

DELIVERY OF DEFINITIVE CERTIFICATES

(When Clearstream Banking S.A. and Euroclear Bank S.A./N.V. System are the Primary Depositaries and Clearers)

1. Unless otherwise precluded by the specific applicability of securities laws or regulations or unless otherwise disclosed in the prospectus, or relevant pricing supplement, any definitive certificates should be made available for exchange as soon as practicable after the closing date of an issue, so as to enable the exchange for the global certificate to take place as soon as possible after the fortieth day after the closing date.

2. In the case where applicable securities regulations preclude the exchange of a global certificate for definitive certificates for a period longer than 40 days after the closing date (such as in the case of an issue with a tap feature), or unless otherwise disclosed in the prospectus, or relevant pricing supplement, any definitive certificates should be made available in exchange for the global certificate as soon as possible after the date on which such exchange is first permissible.

3. As stated in Recommendation 1.1.2, the Lead Manager should provide early disclosure of whether the issue will be in permanent global, semi-permanent global or definitive form. If the issue is to be in semi-permanent global form and to clear in Clearstream Banking

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and/or Euroclear then, in order to maximise the fungibility of the issue, for bearer securities the whole issue should be converted to definitive form (but not at the expense of the investors) when an investor gives due notice that he wishes to hold his part of the issue in definitive form.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.11

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.12

This Recommendation does not apply to equity-linked debt issues.

INCREASES IN ISSUE AMOUNTS/FUNGIBLE ISSUES

1. When Lead Managers wish to increase the amount of an issue before its payment date, it is incumbent on them to offer each member of the management group an increase in its underwriting commitment on a pro rata basis.

If the issue was launched as a full retention deal, Lead Managers are not required to allot bonds from the increase to managers who accept the offer to increase their underwriting commitment, but must ensure that such managers are entitled to receive a share of the fees payable on the increase, pro rata to their share of the fees on the issue before its increase.

If the issue was launched as a Pot deal, Lead Managers must ensure that each manager who accepts the offer to increase its underwriting commitment is entitled to receive a share of the fees payable on the increase pro rata to its share of the fixed economics fees which applied to the issue before the increase (including any fees for retention bonds, but excluding any incentive or similar pot or strategic reserve fees). Lead Managers are not required to apply the same distribution structure to the increase as to the original issue, or to allot bonds to the management group, but must disclose full details

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of the structure of the increase in accordance with the requirements of Recommendation 1.20 (Pot Distribution).

Each manager should have the option to accept or decline any increase in its underwriting commitment.

2. A Lead Manager who plans to launch an issue intended to be fungible with an issue previously launched by another Lead Manager should refrain from doing so until after the closing date of the previous issue.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.13

This Recommendation does not apply to equity-linked debt issues.

SELLING GROUPS

1. In deals involving a selling group, the Lead Manager should disclose to the managers on launch that there will be a selling group.

2. It is normal market practice for a selling group to be appointed by a Lead Manager and/or Joint Bookrunners for its/their own account.

3. In retention deals involving a selling group, when it is intended that there will be a claw-back from the managers' allotments:

(a) the managers are entitled to know from the Lead Manager at the time of invitation what the maximum claw-back from their allotment will be as a result of the selling group's demand for paper; and

(b) the claw-back due to the selling group's demand should be determined pro rata to underwriting commitments.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.14

DEBT PROGRAMMES: ADDITIONAL RECOMMENDATIONS

SELLING RESTRICTIONS / COMMUNICATING COMPLETION OF DISTRIBUTION

It is important to check the underlying sales restrictions when launching a syndicated issue under a Debt Programme. US sales restrictions may be particularly relevant: where the restricted period is determined by completion of distribution (within Reg S, Category 2 or Category 3) it is recommended that the Lead Manager be promptly informed by the Managers when their allotment has been sold.*

REPRINTING AND UP-DATING PROSPECTUS

Where the issue is to be made under a Debt Programme, if the prospectus for the issue (or other equivalent document) is dated earlier than one year from the date of the signing of the issue, it is recommended that the prospectus be reprinted and up-dated.

***Note**
In such issues, when the Issuing and Paying Agent (IPA) is notified by the Lead Manager that distribution is complete, the IPA will determine when the restricted period has expired and will then inform the necessary parties of that fact.

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PRICING SUPPLEMENTS

Pricing supplements should indicate whether or not the proposed issue is to involve a syndicate of managers. If a syndicate of managers is to be involved, the names of the managers should be set out in the pricing supplement.

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DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.15

CONDITIONS PRECEDENT

The following should be included as conditions to closing (unless managers have been notified, before they are required to agree to become managers, that they will not be):

- the delivery to the Lead Manager on behalf of all the managers of relevant and appropriate opinions from legal counsel (for example, from the country of incorporation of the issuer and guarantor, if there is one, and the country whose laws govern the notes to be issued) confirming (amongst other things) that the securities to be issued are (or will create) valid and binding rights and that the contracts relating to the issue and the rights of the managers under them are valid and binding;

- the delivery to the Lead Manager on behalf of all of the managers of appropriate comfort letter(s) from the auditor to the issuer (and any guarantor) dated the signing and closing date and addressed to the managers; and

- where the issue is under a Debt Programme, a certificate, signed by a director or other equivalent senior officer of the issuer (and any guarantor) to the following effect:

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[Insert reference to prospectus and any supplements] contain all material information relating to the assets and liabilities, financial position, profits and losses of [name of Issuer and Guarantor, if there is one] and nothing has happened or is expected to happen which would require the attached documents to be supplemented or updated.

The auditors' first comfort letter (if there is one) should be dated the signing date for the issue and the legal opinion(s) and auditors' second (or only) comfort letter should be dated the closing date for the issue (unless managers have been notified, before they are required to agree to become managers, that they will not be).

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.16

ENFORCEMENT OF SECURITIES' HOLDERS' RIGHTS

The International Clearing Systems will not normally enforce the terms of securities against an issuer or guarantor on behalf of persons investing in such securities through accounts held with the clearing systems. It is therefore important for a Lead Manager to ensure that the persons ultimately entitled to the securities can enforce their rights under the securities against the issuer and, if there is one, the guarantor. In particular, special arrangements may be necessary in order to achieve this effect where the securities are represented by permanent global certificates.

May 2004 *(reviewed)*

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.17

This Recommendation does not apply to equity-linked debt issues.

NAME GIVE-UP

Other than in the case of pot deals (for which see Recommendation 1.20), the managers of an issue should not be required to divulge the names of any of their customers showing interest in the issue, or the level of interest, unless there are compelling reasons for doing so. Where such a requirement is imposed, the information should not be provided to, or through, any other manager of the issue, but should be given only by each manager to the issuer of the securities, on a confidential basis.

Under the laws of some countries such information may be regarded as being confidential and its disclosure may only be made with prior consent of the customer concerned.

Where such a requirement is to be imposed, managers should be notified of that fact no later than the time they are invited to participate in the issue. Such notification should contain full details of the information which must be disclosed and the reasons for the requirement.

December 2003 *(reviewed)*

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.18

LEAD COUNSEL TO MANAGERS/DEALERS

Neither the Managers of a syndicated issue nor the Dealers in a Debt Programme should be represented by a law firm which has any other conflicting interest in that transaction. The law firm which represents the Managers or the Dealers should not represent in any particular transaction any other party to the transaction (other than the trustee or its equivalent). In particular, it should not also represent the issuer or the guarantor, if any.

January 2004 *(reviewed)*

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.19

DAY COUNT FRACTION: USE OF ACTUAL/ACTUAL CONVENTION

All issues of fixed rate international bonds denominated in any currency other than US Dollars should use the actual/actual day count fraction for the determination of interest. (*Standard language for the actual/actual convention is contained in the IPMA Standard Documentation and Standard Language section of this Handbook.)*

This Recommendation applies to bonds issued after 1 January 2001. Bonds which are intended to be fungible with bonds which were launched prior to 2001 and used a different day count fraction should use the day count fraction used in the earlier issues.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.20

This recommendation does not apply to equity-linked debt issues.

POT DISTRIBUTION

Lead Managers should provide timely disclosure of whether a new issue will be launched as a Pot deal, in accordance with Recommendation 1.1 which requires early disclosure of the "basic commercial terms" of an issue. If it is a Pot deal, potential syndicate members should be given complete information about the proposed Pot structure at the earliest opportunity, which may be prior to the formal launch of the issue. Lead Managers are encouraged to include relevant information on Bloomberg. Disclosure should also be made prominently in the formal invitation for the issue (including the Bookrunner system invitation, and the Invitation to Managers.)

The following information should be provided, and any other features of the Pot structure should be described clearly.

- the percentage of the issue to be distributed through the Pot;
- who will manage the Pot: the Issuer or the Bookrunner/s;
- whether co-lead or co-managers will receive any allotment (retention bonds) and if so, the relevant percentage of the issue;
- whether there is a selling group and, if so, the selling group mechanics;

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- if there is a strategic reserve for the co-lead and/or co-managers managed by the Issuer this should be stated, with the percentage of the issue;
- if there is a flexi-pot/incentive pot or similar for the co-lead and/or co-managers managed by the Bookrunner/s this should be stated, with the percentage of the issue;
- any requirements relating to name give up;
- the fees payable to managers and how they will be allocated (e.g. fixed economics; fees on retention bonds; and any strategic reserve/flexi-pot/incentive pot fees);
- the name of the manager who will pay the fees.

IPMA Recommendations 1.3, 1.4, and Recommendation 1.17 do not apply to issues distributed through a Pot, except that Recommendation 1.17 (Name Give up) continues to apply to any allotment of retention bonds. The Bookrunner system invitation and the Invitation to Managers do not need to disapply these Recommendations. IPMA Recommendation 1.2 (Timing of Allotments) applies if Pot bonds not allocated to investors are to be allocated to managers.

Fees payable to managers and selling group members should be paid on the closing date.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.21

This recommendation does not apply to equity-linked debt issues.

GLOBAL BOND ISSUES

For the purpose of this Recommendation, 'global bond issue' means a US SEC registered issue, or an issue by an issuer, such as a supranational agency, which is not required to register with the SEC, in each case where such issue is intended to be distributed both in and outside the United States.

A. US DOLLAR GLOBAL BONDS

US Dollar global bonds follow US market practice. IPMA Recommendations (other than this section A) only apply to US Dollar global bonds to the extent that Lead Managers of such bonds elect to apply them, and so inform syndicate members when they are invited to join the issue.

IPMA Members whose US affiliates are lead managing a US Dollar global bond issue should assist other IPMA Members in the syndicate if asked to do so, by providing contact details of the persons involved at their US affiliate, and, if known to the IPMA Member, contact information for underwriters'/managers' counsel.

B. NON-US DOLLAR GLOBAL BONDS

IPMA Recommendations apply to non-US Dollar global bonds with the following amendments:

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1. In accordance with Recommendation 1.1, Lead Managers must advise all invited parties at the earliest possible moment of the basic commercial and non-commercial terms of an issue, and in any event before they are required to accept the invitation to participate. Lead Managers may send a comprehensive Invitation to Managers, but are not required to do so, if they have complied with the general requirements of this provision in another way. At a minimum, Lead Managers are encouraged to send to potential co-managers a 'short form' invitation, including details of fees, underwriting commitments, timetable, whether or not the issue will be listed and, if so, its expected listing date, and a form of acceptance and power of attorney. (Lead Managers are reminded that IPMA standard forms of Agreement Among Managers assume an invitation is issued). Once a co-manager has accepted its invitation, commitments may only be withdrawn if there are changes in or additions to the basic commercial or non-commercial terms of the issue, whether in the agreements or otherwise. Lead Managers should send settlement information to co-managers who accept the invitation as soon as it is available.

2. If it is not possible to give syndicate members two full business days to review documentation for global bond issues as required by Recommendation 1.5, Lead Managers should send the following documents to syndicate participants as soon as possible: a copy of the Base Prospectus or Programme documentation, any draft Prospectus Supplement, draft Pricing Supplement, draft Underwriting/Terms or Subscription Agreement and, if an IPMA standard form of Agreement Among Managers is not being used, any Agreement Among Underwriters which the co-manager will be expected to sign, including any Master Agreement Among Underwriters. Lead Managers are expected to make best efforts to give syndicate members sufficient time to review a draft Underwriting/Terms or Subscription Agreement, draft Pricing Supplement, any deal specific Agreement Among Managers and any Prospectus Supplement before they are expected to deliver their power of attorney or otherwise sign the Underwriting/Terms or Subscription Agreement. Lead Managers who use an IPMA standard form Agreement Among Managers are

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reminded that amendments may be required if the issue in question is being underwritten on a several, not joint and several, basis.

IPMA Members whose US affiliates are lead managing a non-US Dollar global bond issue should assist other IPMA Members in the syndicate if asked to do so, by providing contact details of the persons involved at their US affiliate, and, if known to the IPMA Member, contact information for underwriters'/managers' counsel.

C. GLOBAL BONDS WITH US DOLLAR AND NON-US DOLLAR TRANCHE

It is recognised that it may not be feasible or practical to adopt different syndicate practices and fee structures for 2 tranches of the same issue, if one of the tranches is in US Dollars. In such a case, Lead Managers must state clearly which practices and fee structures are being followed when co-managers are invited to join the syndicate.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.22

This Recommendation does not apply to equity-linked debt issues.

TIMELY ANNOUNCEMENTS TO SYNDICATES AND SELLING GROUPS

BREAKING OF SYNDICATE

At any time – and even a very short time – before the breaking of the syndicate, the Lead Manager should inform the management/selling group of the precise time when the breaking of the syndicate will occur. The Lead Manager can inform the management/selling group by screen, telephone or e-mail. Once the syndicate has been broken, the securities may be sold other than on the fixed price offer/re-offer basis.

PRICING

When the issue price is determined after launch by reference to the yield of an existing security, the Lead Manager is expected to inform the management/selling group in good time at what time and on what basis the issue will be priced. The Lead Manager should disclose any material change to the intended timing or basis promptly, and should tell the management/selling group immediately the issue price is determined.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.23

SOVEREIGN ISSUER COLLECTIVE ACTION CLAUSES

Lead Managers of debt issues of sovereign issuers should state clearly in the Invitation to Managers if the issue will include IPMA standard Collective Action Clauses, and whether the issue will include financial or other information covenants.

For the purpose of this Recommendation, 'sovereign' includes Central Banks, but does not include 'sub-sovereign' issuers, such as regional and local authorities and municipalities, or sovereign-guaranteed issuers.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

RECOMMENDATION 1.24

This Recommendation does not apply to equity-linked debt issues.

INTERNATIONAL OFFERINGS OF DOMESTIC DEBT SECURITIES

Procedures, practices and terms and conditions which apply to securities issued in accordance with the requirements of an issuer's 'home' market ('domestic securities') may differ in a number of respects from those which typically apply to cross-border offerings placed by IPMA Members with international investors ('international offerings').

IPMA Members who lead manage issues of domestic securities ('IPMA Lead Managers'), which are offered or sold to international investors, should consider these differences when marketing and launching such a new issue of securities. Early disclosure of the basic commercial and non-commercial terms of the issue in accordance with IPMA Recommendation 1.1 is essential to ensure that managers have sufficient information to know that they are being invited to join an issue of domestic securities, and to be aware of key features of the issue, which differ from those customary in international offerings, including any practical consequences, such as any tax certification requirements. If an issuer issues both domestic and 'international' securities to international investors, it is important that managers know which type of security is being issued.

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It is not possible to specify a complete list of items which may need to be disclosed, or the level of detail which may be appropriate, as the circumstances of each issue and market, and the level of managers' familiarity with the particular product will differ. Further examples could include reference to relevant legislation if rights and obligations for a particular issue of domestic securities are set out in domestic law and regulation, rather than in an issue-specific set of terms and conditions (for example, cedulas in Spain), lack of standard features such as a negative pledge or tax gross-up, local language documentation, unusual (or no) events of default, local governing law, new issue settlement arrangements or timing of the offering, affecting the managers, which differ from those which apply to new issues settling in Clearstream and Euroclear, non-IPMA force majeure arrangements, and any stabilisation and marketing restrictions.

IPMA Lead Managers of international offerings of domestic securities are expected to comply with IPMA Recommendations to the extent practical.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION TWO

RECOMMENDATIONS APPLICABLE TO OFFERINGS OF EQUITY AND EQUITY-LINKED DEBT ISSUES

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NOTES APPLICABLE TO ALL RECOMMENDATIONS IN SECTION TWO

1. Whenever the term *Lead Manager* is used, this is presumed to be the bookrunner or, where there is a number of bookrunners, the global co-ordinator.

2. In the Recommendations in Section Two, *manager* means any person who assumes an obligation towards the issuer of the securities or the owner of the securities which are to be the subject of the offering, to subscribe or purchase, or procure subscribers or purchasers, for the securities.

3. Recommendation 2.2 and Part 2 of Section Two, Schedule 2 only apply where the issuer of the shares in question is incorporated outside a Specified Jurisdiction. Recommendation 2.2 and Part 1 of Section Two, Schedule 2 apply in *all* cases. For this purpose, *Specified Jurisdiction* means any member state of the European Union or of the European Free Trade Association, Canada, any State of the United States of America, Japan, Australia and New Zealand.

4. IPMA's Members acting as Lead Managers in issues or offerings of Euro-securities as defined in the EC Prospectus Directive (89/298/EEC) will be presumed – unless and to the extent that the contrary is stated on the screen, telephone invitation and the invitation telex – to be applying IPMA Recommendations to the issue or offering (unless disapplied already, under paragraph 3 above).

For issues or offerings launched in other circumstances, the Lead Manager should either state on the screen, telephone invitation and the invitation telex that IPMA Recommendations are applicable if that is the case or, if some but not all of IPMA Recommendations

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are to be applicable, this fact, together with an indication of which Recommendations are excluded, should be similarly stated.

The definition in the Prospectus Directive is as follows:

> *"Euro-securities" shall mean transferable securities which:*
>
> – *are to be underwritten and distributed by a syndicate at least two of the members of which have their registered offices in different States, and*
>
> – *are offered on a significant scale in one or more States other than that of the issuer's registered office, and*
>
> – *may be subscribed for or initially acquired only through a credit institution or other financial institution.*

5. The Recommendations in this Section Two apply to offerings of shares, whether on issue or where the shares being offered have already been issued, including offerings of investments (such as depositary receipts) which represent shares. Recommendation 2.1 also applies to bonds convertible into, exchangeable for or redeemable in, or bonds with warrants exercisable into, shares.

6. Whenever the term *equity* is used, it includes shares of any description, whether or not voting rights or dividend rights are restricted.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

EQUITY

RECOMMENDATION 2.1

SYNDICATE INFORMATION

1. In order to ensure productive and fair operation of the syndicate, the Lead Manager should provide, and prospective managers should expect to receive, a detailed outline of the basis of the invitation. The information should allow the prospective manager to assess and understand:

- the role which it is being asked to perform;
- the research and/or trading resources which are necessary/ appropriate to performance of the role;
- the expected underwriting and/or other market-related risk involved (for example, whether there is to be book-building or whether the underwriting is hard);
- the mechanism by which it will be remunerated including the anticipated commission;
- the marketing arrangements including the managers' access to investors and the roadshow within geographical regions;
- risk period, if known.

It is recommended that the transaction information relating to an invitation to participate as a manager is contained in a syndicate memorandum. This memorandum should be made available at, or as soon as possible after, the initial invitation into a syndicate and before any significant commitment of resources by the prospective manager.

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To assist Lead Managers, a check-list of information to be considered for inclusion in the memorandum is attached (Section Two, Schedule 1). The items are neither exhaustive nor mandatory. Where items of information are unavailable until a later stage in the transaction, it will be helpful not only to note this but also to give to syndicate members an indication of when they can expect such information to be forthcoming.

2. Section Two, Schedule 2 contains a check-list of information which may be relevant for disclosure to the syndicate at a later stage of the transaction for issues or offerings of equity.

3. Lead Managers should use the check-list in Part 1 of Section Two, Schedule 2 and (where the issuer of the shares in question is incorporated outside a Specified Jurisdiction) the check-list in Part 2 of Section Two, Schedule 2 when considering what information should be provided to managers or prospective managers subsequent to the issue of the syndicate memorandum and should (unless prevented from doing so by law or market practice) obtain and provide any such information to managers or prospective managers if so requested. For the avoidance of doubt, there is no requirement to include such information in any invitation telex. The information can be included in any draft prospectus for the issue or (unless there is a legal requirement to disclose the information in the prospectus) only on request by a manager.

4. Lead Managers are reminded that both the EC Prospectus Directive (89/298/EEC) and the Listing Particulars Directive (80/390/EEC) require that investors should be given the information which, according to the particular nature of the issuer and of the securities in question, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer and of the rights attaching to the securities. Nothing in these Recommendations should be taken as in any way modifying this overriding obligation or the requirements of any stock exchange which may be relevant in connection with the offering.

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5. If there are subsequent material changes in any information given under this Recommendation, such changes must be promptly notified to the person to whom such information was given.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

EQUITY

RECOMMENDATION 2.2

EXECUTION OF AGREEMENTS

1. The Lead Manager must send to each of the managers the final version (subject to any subsequent modifications, which must be promptly notified to each of the managers) of the agreements required to be executed by them together with the latest draft of the prospectus or offering circular for receipt not later than three full business days prior to the signing.

2. Lead Managers requesting managers to appoint authorised signatories to execute agreements on their behalf, and managers in providing such appointments, should use the following form:

Quote

> We, [Name of your institution] hereby appoint [Name of your signatory] or [Names of Lead Managers' signatories] acting alone with power to execute and deliver on our behalf the [name of documents] in connection with the issue/sale by [Name of issuer or seller] of [description of securities being issued or sold] and to take any other action necessary in connection with such issue/sale.
>
> By: ..... Dated: .....
> *Authorised representative(s)*

Unquote

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Note

It is recognised that adaptations to the above form may be required to be made by managers to reflect particular local or corporate requirements.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

EQUITY

RECOMMENDATION 2.3

FEES AND LATE PAYMENT

1. The provisions of Recommendation 1.8 apply to all equity-linked debt instruments.

2. In all other issues, the Lead Manager should inform each of the managers, when invitations are issued, of:

- any limit (or the absence of any limit) on deduction for expense overruns;
- unusual cost overruns to be charged to the syndicate, i.e. those not referred to under Managers' Expenses in Appendix B(XI), and the procedures for calculating commissions if such overruns are charged;
- whether the expenses of any manager other than the Lead Manager are to be reimbursed by the Issuer;
- any cap on expenses to be reimbursed by the Issuer;
- if paragraph 4 or 5 of Recommendation 2.3 is to be dis-applied, the time limit for payment;
- any non-proportionate fee arrangements including inter-syndicate expense sharing arrangements which are not pro rata allocation.

3. The following "short form" reference may be used to indicate the limits, if any, on deduction from commissions:

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IPMA1

Expense overruns and stabilisation costs may be deducted from the underwriting commission only.

IPMA2

Expense overruns and stabilisation costs may be deducted from the underwriting and management commissions only.

IPMA3

Expense overruns and stabilisation costs may be charged to syndicate members (whether by deduction or otherwise) without limit.

If "IPMA1" is used, it should be made clear from the information given which part of the overall fees will comprise underwriting commission and which part will comprise management commission.

4. Any selling commissions which are not deducted from settlement payments should be paid as soon after closing as the Lead Manager is able to calculate them and in any event no later than 30 days after the closing date.

5. Management and underwriting commissions should be paid to managers no later than 90 days and 150 days respectively after the closing date, after deduction only for items and subject to any limits on the overall deductions, notified to managers in accordance with paragraph 2.

6. The time limits for payment of commissions under paragraphs 4 and 5 shall not apply if the Lead Manager is able to demonstrate that it could not make such payment within such time limit. In any such case, payment must be made as soon as the Lead Manager is able to do so.

7. If any fees or commissions due to a manager have not been paid on the date on which they are due as set out in paragraphs 4 and 5, the Lead Manager should in addition pay interest of 1% per month

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or part thereof, such interest to be calculated from (but excluding) the date on which the fees are due and to be added to the amount on which interest is so calculated at the end of each period of 30 days thereafter. The interest rate of 1% per month shall apply to all currencies. It shall be added to the payment of the fees or commissions but identified separately. In case of dispute the Lead Manager may be asked by IPMA to provide evidence as to the dates when payments were effected.

8. In the event of any of the commission payments being delayed beyond the above timetable, managers and the Issuer should be promptly informed in writing of the reasons for the delay and envisaged future timetable for payment.

9. Lead Managers should separately categorise stabilisation and cost overruns and be prepared to indicate upon request the breakdown between legal, marketing and other expenses.

10.When supplemental selling concessions are required to be paid to managers as a result of the triggering of a cap on the selling or total economics of the Lead Manager it should be made clear to a manager the amount of such concession which is the result of reallocation of selling concessions and the calculations by which reallocation has been determined should be clearly set out in writing.

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EQUITY

RECOMMENDATION 2.4

CONDITIONS PRECEDENT

The following should be included as conditions to closing (unless managers have been notified, before they are required to agree to become managers, that they will not be):

- the shares will be listed (or will be listed shortly after closing) on the exchange notified to the managers in accordance with the Recommendation 2.1 and Part 1 of Section Two, Schedule 2;

- an appropriate opinion from legal counsel confirming that the shares have been (or that there is no legal reason why they should not be) issued and are (or will create) valid and binding rights and that the contracts relating to the issue and the rights of the managers under them are valid and binding.

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EQUITY

RECOMMENDATION 2.5

STABILISATION

1. The Lead Manager should inform each of the managers, when invitations are issued:

- whether any stabilisation is to be carried out in the shares or other shares connected with them (e.g. *associated securities* for FSA rule purposes);
- whether stabilisation is to be carried out for the account of the managers;
- if so, whether the liability of the managers is subject to a limit and whether there is a limit on the number of shares which can be stabilised;
- details of the period during which stabilisation will or may be carried out.

2. Where stabilisation is to be carried out by the Lead Manager as agent for the managers, the Lead Manager should account to the managers for any interest earned by it on any moneys earned through stabilisation while acting as agent and for any such moneys, unless it is authorised by the managers to retain all or part of such interest or profits, and should notify them on invitation of any deductions to be made from any stabilisation profits before payment to the managers.

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EQUITY

RECOMMENDATION 2.6

ORDER CLARIFICATION

When any order enters a book through another manager or is split in part with a manager other than the Lead Manager, the Lead Manager should inform the manager in question in advance of any contact by the Lead Manager with the institution placing the order for the purpose of clarifying the order. In the event that Lead Managers wish to derogate from this Recommendation, this should be expressly stated as "non IPMA order clarification" in the syndicate memorandum.

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SCHEDULE 1

IPMA SYNDICATE MEMORANDUM CHECK-LIST FOR ISSUES OR OFFERINGS OF EQUITY OR EQUITY-LINKED INSTRUMENTS

Note

Schedule 2 contains a more detailed check-list amplifying many of the bullet points set out below. While it is not intended that the Syndicate Memorandum should contain information in such detail, Schedule 2 may assist in identifying information which should be disclosed in summary form in the Syndicate Memorandum, to the extent that such information is available at the time the Syndicate Memorandum is to be published. In the check-list below, where it is felt that Schedule 2 might be of assistance, a note of the relevant paragraph appears after the bullet point concerned.

1. Structure of Offering and Syndicate

- Description of offering and of securities (sch.2, para.1)
- Fungibility, dividend entitlement (sch.2, paras 1.13 and 1.21 to 1.28)
- Description of shareholding structure pre and post issue (sch.2, para.2)
- Syndicate structure (sch.2, para.3)
- 144A arrangements (sch.2, para.4)
- Greenshoe (sch.2, para 5)
- Clawback between syndicates (sch.2, para 6)
- Re-allocation of underwriting between syndicates
- Pricing mechanics, including underwriting range
- Protection policy
- Stabilisation
- Listings
- Tranche structure
- Nature, size-range and timeframe for underwriting
- Full timetable (sch.2, para 7)
- Any lock-up on further sales/new issues (sch.2, para 2.7)

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2. Sales Restrictions

- Local
- USA
- Japan
- International/other
- Ringfencing
- Exempt lists
- Any public offer jurisdictions

3. Commissions and Expenses

- Gross
- Super praecipuum
- Management fee
- Management praecipuum
- Underwriting fee
- Selling concession
- Pot economics
  - Caps: how calculated, what happens if exceeded
  - Pre-agreed: how calculated
- Designations: whether permitted, before or after allocation
- Deductions (IPMA1, IPMA2 or IPMA3)
- Expense reimbursement
  - Full details on expenses including who is responsible for paying which expenses and whether a cap applies. Policy for reimbursing expense
- Commissions on greenshoe
- Timing of payments
- Any issuer discretionary payments
- Any issuer sanctions
- Intersyndicate arrangements for
  - expense overruns
  - stabilisation costs

4. Documentation

- When available
- Force majeure
- Inclusion of managers' names on prospectus cover

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5. Trading arrangements

- Which market
- Restrictions
- Obligations
- Persons expected to make markets
- Start date

6. Research

- Who can publish and when
- Who is required to publish research
- Co-ordination of contents
- Arrangements for company access
- Window period
- Blackout period (beginning and ending)
  - U.S.
  - International
- Research guidelines memo

7. Marketing Arrangements

- Marketing schedule/timetable
- Role and responsibilities of syndicate members in
- Pre-marketing procedures
  - Timing
  - Feedback
  - Restrictions
- Roadshow
  - Access to management presentations
  - Access to management one-on-ones

8. Bookbuild/demand procedures

- Communication methodology (especially if multiple book-runner)
- Transparency and confidentiality
- Investor details required
- Pot mechanics
- Disclosure of book - to whom and when
- Split orders

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- Order clarification policy
- Designation policy
- Timing and mechanics of designations

9. Allocation and settlement

- Determined by whom
- Protection
- Criteria
- Pot orders - billing and delivery
- Treatment of non-transparent or retail orders
- Free retention/directed allocation policy
- Split orders
- Disclosure of allocations/pot list - to whom and when
- Settlement mechanics (where unusual)
- Name of settlement contact person

10. Publicity

- Restrictions

11. Contact list

- Bookrunner/GC contacts

12. Forms

- Pre-marketing forms
- Investor demand forms

13. Due Diligence and Legal

- Legal advisors to
  - Company
  - Vendor (if applicable)
  - Underwriters
- Availability of 10b-5 opinions to underwriters and from whom
- Accounting Advisers
- Comfort letters (SAS 72, SAS 76, Other)
- Other technical advisers

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SCHEDULE 2

IPMA DISCLOSURE CHECK-LIST FOR ISSUES OR OFFERINGS OF EQUITY OR EQUITY-LINKED INSTRUMENTS

PART 1

Information to be disclosed by the Lead Manager in all issues of shares or equity-linked debt issues

Structure of Offering and Syndicate

1 Description of offering and of securities

Offering

1.1 whether a primary or secondary offering or IPO

1.2 any concurrent domestic or other regional offerings of the shares or at other shares

1.3 any reservation of geographical areas to any manager or group of managers with description of the areas so reserved

1.4 any restrictions on grey market trading

1.5 any restrictions on trading between securities involved in the issue (e.g. between ADAs and GDRs and the shares)

1.6 any force majeure arrangement (including whether an IPMA version is to be used and, if so, which)

1.7 governing law of offering

1.8 use of proceeds

Securities

1.9 type of shares (e.g. equity of preference shares)

1.10 form of shares (e.g. bearer/registered physical/dematerialised)

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1.11 whether the shares are to be represented by collective certificates or receipts (e.g. ADRs or GDRs)

1.12 par value

1.13 whether the shares are fungible with existing shares or will become so (and if so, when)

1.14 voting entitlement (including, if the voting rights are different from those of any other class of shares, details of the differences)

1.15 any obligations to contribute over and above the subscription price (whether under the constitution of the issuer or under the law) (e.g. if the shares are partly paid or the liability of shareholders is not strictly limited to the amount paid up on their shares)

1.16 redemption rights attached to the shares, if any

1.17 description of any conversion rights attached to the securities

1.18 any stock exchange on which the shares are listed

1.19 any identification symbol for the shares used by any relevant stock exchange or quotation system

1.20 if prospective investors would be entitled to pre-emption rights in respect of further share issues, a description of those rights

Dividend entitlement and history; tax

1.21 dividend entitlement (including, if the shares are preferential, whether the right is cumulative and, if the dividend is variable, the basis on which it is determined)

1.22 expected dividend payment date and the expected record date for determining entitlement to dividends

1.23 current dividend yield (if the shares are listed)

1.24 dividend history over previous five years (or for as many years as possible, if five years is impracticable)

1.25 Dividends paid over previous two years or last five occasions on which dividends have been paid, if they have not been paid annually

1.26 any withholding tax on dividends

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1.27 any other tax which might apply to transactions in the shares (e.g. capital gains on disposals)

Price and trading history

1.28 price details (monthly highs and lows) over previous two years and the current year (including daily figures for a 15-day period ending not earlier than three days prior to invitation)

1.29 average daily volume of trading over a period of 12 months

2 Description of shareholding structure pre and post issue

2.1 Recent share issues or issues of equity-linked securities by the issuer in the previous five years, with brief description of each class of shares concerned

2.2 details of changes to the share capital of the issuer for all classes of share including share splits and rights issues over the previous five years (or, if this period is not possible, for the longest period which is possible)

2.3 Percentage of share capital represented by the issue (assuming shares are fully issued) and number of shares that will be outstanding upon completion of the issue

2.4 dilution in terms of EPS

2.5 in the case of a secondary offering, details of the identity of the vendor

2.6 if it is important that any existing shareholder retains its stake in the issuer, a description of the arrangements made to achieve this (e.g. a "no-sale agreement" or "lock-up" arrangement)

2.7 any restriction on the right of the issuer or the offeror to sell further shares or to convert any convertible securities or to exchange any warrants for shares for any period from the launch of the issue, including details of end of the period

2.8 issuer's power to purchase and hold its own shares

2.9 any legal requirement to notify shareholdings (or agreements to acquire shares, such as underwriting commitments) above a certain level to the issuer or any authority

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2.10 any "golden share" arrangements

2.11 major shareholders or the absence of any major shareholders, including connected groups of people, if their shareholdings are material in the context of the issue or offering and whether they hold for investment or as dealers

3 Syndicate structure

3.1 Composition of management group and structure (e.g. Lead Managers, co-managers, regional Lead Managers etc.)

3.2 the identity of the persons who will determine the price and the basis on which they will do so

3.3 whether a manager may be required to subscribe or purchase shares

4 144A arrangements

4.1 Who can sell in United States of America under Rule 144A

5 Greenshoe

5.1 Number of additional securities which can be issued under the greenshoe

5.2 period within which greenshoe can be exercised and person who can exercise

6 Clawback between syndicates

6.1 Description of maximum amount of any clawback and/or "flow-through" arrangements

6.2 period within which clawback can be exercised

7 Full timetable

Timetable, including details of:

7.1 the expected date on which the offering will be priced;

7.2 the time (if any) at which the managers will become legally bound to subscribe or purchase or to procure subscribers or purchasers;

7.3 the time at which managers will have securities allotted to them;

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7.4 expected closing date;

7.5 when listing will be granted (if any);

7.6 first expected day of trading of shares being offered (if they are listed);

7.7 expected timing of settlement;

7.8 mechanics for settlement;

7.9 any notification requirement;

7.10 any “on exchange” requirement;

7.11 fees payable (e.g. brokers);

7.12 expected timing for delivery of certificates, if any.

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PART 2

Additional information to be disclosed by the Lead Manager in all issues of shares or share-linked debt issues where the issuer is incorporated outside a Specified Jurisdiction

1. The market

1.1 any factors relating to the stock exchange on which the shares are listed which could make it difficult to dispose of the shares (e.g. any illiquidity). If there is a very low trading volume on the exchange, details should be given of average daily turnover on the exchange over a 12-month period;

1.2 any limit imposed by the relevant stock exchange outside which shares cannot trade on a given day;

1.3 details of locations where shares trade and methods by which prices can be obtained (e.g. screen-based systems).

2. Additional costs

2.1 any additional costs (e.g. stamp duty, transfer tax or registration fees) payable on subscription, purchase or subsequent transfer of shares.

3. Additional settlement transfer information

3.1 authorisations required for acquisition, transfer or sale of shares;

3.2 any limits on (a) total and (b) individual foreign ownership;

3.3 any requirement to be satisfied in respect of the holding of the shares (e.g. any requirement to register as an investor and hold an identity card and to appoint a domestic agent to receive corporate notices);

3.4 exchange control or other limitations on remission of payments in respect of the shares to investors (e.g. non-convertible currency).

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION THREE

RECOMMENDATIONS APPLICABLE TO ISSUES OF EQUITY-LINKED DEBT INSTRUMENTS

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

EQUITY-LINKED DEBT ISSUES

The same considerations will normally apply to equity-linked debt issues (such as convertible or exchangeable bonds, or bonds with warrants) as apply to equity issues. In addition, because of the debt element of such issues, the Recommendations applying to debt will also be relevant. Accordingly, debt instruments which are linked to equity should comply with both Section One and Recommendations 2.1 (including Section Two Schedules 1 and 2) and 2.4 in Section Two.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION FOUR

RECOMMENDATIONS APPLICABLE TO MEDIUM TERM NOTE PROGRAMMES

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

NOTES APPLICABLE TO ALL RECOMMENDATIONS IN SECTION FOUR

1. The Recommendations apply to all medium term note programmes and debt issuance programmes, regardless of the name used to describe the programme, where provision is made for debt instruments to be distributed or placed in the international capital markets.

2. IPMA's Members acting as arranger for a medium term note programme will be presumed – unless and to the extent the dealers are informed to the contrary in writing – to be applying IPMA Recommendations to the programme.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTE PROGRAMMES

RECOMMENDATION 4.1

EXECUTION OF AGREEMENTS

1. The arranger of a medium term note programme should send to each of the dealers for review and comment the latest drafts of the offering circular and the documents to be signed by the dealers, for receipt not later than five full business days prior to the deadline for comments to be received in the case of a new programme and three full business days in the case of an amendment to or renewal of an existing programme. There should be at least five full business days between the deadline for comments to be received and the date fixed for signing.

2. The dealers are entitled to review and comment on all material agreements, the comfort letter(s), legal opinion(s) and other conditions precedent when a programme is being established or renewed. The arranger should send to each of the dealers for review and comment the latest drafts of any guarantee or deed of covenant, the comfort letter(s), legal opinion(s), trust deed, if any, fiscal agency agreement and any other material agreements for receipt not less than three full business days prior to the deadline for comments to be received. There should be at least five full business days between the deadline for comments to be received and the relevant date fixed for delivery of such documents. Arrangers should, upon request, make drafts of other documentary conditions precedent available a reasonable period of time before their intended delivery date.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTE PROGRAMMES

RECOMMENDATION 4.2

CONDITIONS PRECEDENT

The following should be delivered in connection with the establishment of a medium term note programme:

an appropriate comfort letter(s) from the auditor to the issuer (and any guarantor) dated prior to the first drawdown and addressed to the arranger and the dealers; and

relevant opinions from appropriate legal counsel (for example, from the country of incorporation of the issuer and guarantor, if there is one, and the country whose laws govern the securities to be issued) confirming (amongst other things) that the securities to be issued are (or will create) valid and binding rights and that the contracts relating to the programme and the rights of the arranger and the dealers under them are valid and binding, such legal opinion to be dated prior to the first drawdown and addressed to the arranger and the dealers.

The comfort letter(s) and the legal opinion(s) should also be provided not less frequently than on any update of the programme.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTES PROGRAMMES

RECOMMENDATION 4.3

MEETINGS AND CONFERENCE CALLS WITH ISSUERS

Dealers should be afforded sufficient time to prepare for meetings and conference calls with the issuer and guarantor in which they are invited to participate, including time to review the offering circular.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTE PROGRAMMES

RECOMMENDATION 4.4

PROGRAMME DOCUMENTATION

Where a drawdown or an issue made under a programme requires amendment to the programme documentation, it is the responsibility of the dealer or Lead Manager, and the issuer, to ensure that arrangements for such amendment reasonably satisfactory to the arranger are put in place. The issuer should immediately notify the arranger if such amendment is required.

Programme documentation should include the forms of pricing supplement and subscription agreement to be used for drawdowns.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTE PROGRAMMES

RECOMMENDATION 4.5

STATUS OF ARRANGER

1. Programme documentation usually addresses the relationships between the arranger and the dealers in the establishment and maintenance of a programme.

2. It is recommended that where such a provision is included in programme documentation the following standard form clause be used:

Each of the Dealers agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Information Memorandum, any Pricing Supplement, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Tranche.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

MEDIUM TERM NOTE PROGRAMMES

RECOMMENDATION 4.6

DISTRIBUTION OF PROGRAMME DOCUMENTATION

This Recommendation applies when Programmes are established or updated.

Arrangers are expected to distribute to the dealers without delay conformed and/or original copies of the Programme or Dealer Agreement, (or supplement or update thereto as appropriate), and offering circular or similar document or supplement thereto. Arrangers should arrange for the issuer to deliver other condition precedent documents to the dealers promptly after the signing or update of the Programme, and in any event, before the issuer draws down from the Programme. If the issuer arranges document distribution via the arranger or counsel to the dealers, the arranger should notify the dealers as soon as possible that the conditions precedent have been received, and distribute them promptly. If there is a delay in the issuer delivering documents, the arranger should tell the dealers and give an expected delivery date.

A complete set of Programme documentation should be prepared and delivered to the dealers within one month of programme signing. When a Programme is updated, a complete set of documentation for the update should be delivered to the dealers within one month of the update.

December 2002

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION FIVE

RECOMMENDATIONS APPLICABLE TO EURO COMMERCIAL PAPER

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

NOTES APPLICABLE TO ALL RECOMMENDATIONS IN SECTION FIVE

1. The Recommendations apply to all Euro commercial paper programmes and the notes and certificates of deposit issued thereunder regardless of the currency of denomination, where provision is made for the notes to be placed in the international monetary markets.

2. IPMA's Members will be presumed – unless and to the extent the market is informed to the contrary in writing – to be applying IPMA Recommendations to the programme and the notes issued thereunder.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

EURO COMMERCIAL PAPER

RECOMMENDATION 5.1

ECP CONVENTIONS

1. Dealers are responsible for ensuring compliance with selling restrictions and any minimum denominations established by regulation or official guidelines.

Subject to any higher legal requirements, the minimum tradeable amounts (i.e., minimum denominations) for Euro commercial paper shall be:

Sterling	£100,000 (certificates of deposit and commercial paper)
US Dollars	$500,000
Euros	500,000
Swiss francs	SFr500,000
Japanese Yen	Y100,000,000
Australian Dollars	A$1,000,000
Canadian Dollar	C$500,000
New Zealand Dollars	NZ$1,000,000
Hong Kong Dollars	HK$2,000,000

The minimum incremental amount above the minimum denomination shall be one unit of the currency; provided that the minimum incremental amount in Japanese Yen shall be Y100,000,000.

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2. As a general rule issuing and paying agents may rely on issuing instructions from the dealer and will not require confirmation of each tranche from the issuer. Issuers may require confirmation.

3. Issuing and paying agents and issuers may agree to provide for netting of the new issue proceeds against the amounts due on paper which is maturing on the same day provided the new and maturing paper is denominated in the same currency.

4. The minimum maturity shall be one day.

5. These conventions are applicable to Euro commercial paper issued after 31 March 2003.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION SIX
APPENDICES

APPENDIX A: IPMA Screen and Telephone Invitation Check-list for issues of debt and equity-linked debt instruments

APPENDIX B: Explanatory notes relating to issues of debt and equity-linked debt instruments

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APPENDIX A

IPMA SCREEN AND TELEPHONE INVITATION CHECK-LIST FOR ISSUES OF DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

GUARANTEE:

Contractual:	indemnity	surety
Statutory:	jurisdiction	

RATINGS	S&P	Moody's	Other
This issue			
Other issues			

RANKING

Secured & security
Senior
Subordinated
Junior subordinated

NEGATIVE PLEDGE

By issuer:		Guarantor:	Subsidiaries:	all/principal
Type:	obligations	indebtedness		securities
	traded	foreign		

CALL PROVISIONS

By Issuer:	None		
	Yes	Amount	Date
Price			
By Holder:	None		
	Yes	What Action	

TAX

January 2000 ...\ cont

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Domestic tax gross up: Tax redemption
Identification protection:
No interest payments in US:

SALES RESTRICTIONS

US: 90 day lock up other termination date
Great Britain:
Issuer's jurisdiction: Jurisdiction of currency:
Private placement: Lead Manager only with Lead Manager permission

EXPENSE CAP

Amount: IPMA: Other:

STABILISATION:

IPMA: Other:

FORCE MAJEURE

None Yes Deviations:
Third-party contract conditions

CROSS DEFAULT

None:
Yes: Issuer: Guarantor:
Type:
Domestic issues:

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APPENDIX B

EXPLANATORY NOTES RELATING TO ISSUES OF DEBT AND EQUITY-LINKED DEBT INSTRUMENTS

I. GUARANTEES

INTRODUCTION

A. Guarantees are either statutory or contractual in form.

B. A contractual guarantee can broadly be classified as an indemnity or a surety. The former has the following characteristics:

(a) the amount that can be claimed includes all principal, premium and interest (including additional amounts under gross up provisions) which is due,

(b) the guarantee is valid irrespective of the validity, regularity and enforceability of the bond or note against the issuer,

(c) the guarantee is enforceable whether or not there has been any action taken to enforce the terms of the bond or note against the issuer,

(d) the guarantee is not affected by any waiver or consent or time or indulgence given by the bond holder or note holder in respect of non-payment or breach of covenant by the issuer.

C. A contractual guarantee without any or all of the characteristics mentioned under B (b), (c) and (d) should normally be classified as a surety.

D. In international bond issues contractual guarantees of the indemnity type, which are much more favourable for the investor, are the norm.

E. The effect of a statutory guarantee depends entirely on the terms of the statute pursuant to which the guarantee is given. No broad generalisations can be made about this type of guarantee.

SCREEN TELEPHONE INVITATION AND INVITATION TELEX

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1. If no specific information is provided, the absence of a guarantee should be presumed.

2. If there is a guarantee, the screen, the telephone invitation and the invitation telex should indicate whether the guarantee is statutory or contractual. If it is contractual it should only be described as unconditional and irrevocable if it is of an indemnity type, otherwise it should be disclosed which of the characteristics in B(a) to B(d) above are missing from the guarantee. If the guarantee is statutory its principal characteristics should preferably be disclosed, otherwise reference to the offering circular for a summary should be made.

3. The screen, telephone invitation and invitation telex should also indicate if the guarantee is subordinated or not supported by a negative pledge (see under III).

4. If under applicable law the guarantee is subject to a maximum amount, this limit should be stated.

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IIA. RATINGS

INTRODUCTION

A. Ratings of the relevant issue by Moody's and Standard and Poor's should be disclosed. Disclosure of ratings of the issue by other rating agencies is at the option of the Lead Manager.

B. With regard to other outstanding issues of the issuer or guarantor, ratings by Moody's and Standard and Poor's of public long-term debt should be disclosed if the specific issue is not itself rated. If an issue of the issuer has a private rating, this rating may be disclosed if it is periodically updated.

C. There should be no disclosure of ratings of other outstanding debt of the issuer or guarantor if these ratings are based on a third-party guarantee. Commercial paper ratings need not be disclosed.

D. If after the invitation telex has been sent but before the closing of an issue:

(a) the ratings cited in the invitation telex are changed,

(b) the issue is rated differently from the rating indicated in the invitation telex, or

(c) issues whose ratings are referred to in the invitation telex are placed on Moody's "Review List" and/or Standard and Poor's "Watch List",

the Lead Manager should notify the managers, underwriters and selling group members of such an event.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. If the issue is specifically rated by Moody's and Standard and Poor's, that rating should be disclosed.

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2. If other outstanding public long-term debt of the issuer or guarantor ranking equally with the issue has a current rating by Moody's and/or Standard and Poor's, that rating should be disclosed.

3. If the issue itself or debt of equal status are not rated while other outstanding public long-term debt of the issuer or guarantor which ranks senior or junior to the issue is rated by Moody's and/or Standard and Poor's, that rating should be disclosed together with a statement as to the inferior or superior status of the current issue.

4. If issues of the issuer or guarantor are currently on Moody's "Review List" and/or Standard and Poor's "Watch List" this fact should be disclosed together with the indicated outcome of such change (i.e. positive or negative).

IIB. RATINGS

EVENT RISK

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

A. If the issuer has agreed to an event risk clause for the issue, this should be disclosed.

B. The effect of the event risk clause should be disclosed in summary form.

C. If the event risk clause has been rated by Standard and Poor's, this should be disclosed. Disclosure of ratings of the event risk clause by other rating agencies is at the option of the Lead Manager.

D. If after the invitation telex has been sent out but before the closing of an issue there is any change to the event risk clause or to the status of its rating with Standard and Poor's, the Lead Manager should notify the managers, underwriters and selling group members of such a change.

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III. RANKING OF THE BONDS

INTRODUCTION

A. Euro-issues typically fall into one of the following ranking categories:

(a) secured;

(b) senior (unsecured, unsubordinated);

(c) subordinated (mainly for certain bank issues and many convertibles); or

(d) junior (deeply) subordinated.

For banks, deposit notes rank equally with deposits while subordinated or capital notes are normally junior to deposits. Equity notes are often deeply subordinated.

B. (a) Secured and junior (deeply) subordinated debt (including perpetuals)

Many varieties exist which cannot easily be summarised.

(b) Senior debt for industrials

This may typically be described as follows:

The bonds [or notes] will be direct, unconditional, and unsecured obligations of the issuer and will rank pari passu amongst themselves and [except for .....], will rank equally with all other present and future unsecured and unsubordinated obligations of the issuer.

(c) Senior debt for banks

This may typically be described as follows:

The notes will be unsecured obligations of the issuer and will rank pari passu amongst themselves and with all other present and future unsecured obligations of the issuer (other than subordinated obligations), including those in respect of deposits for the time being outstanding with it.

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(d) Subordinated debt for banks

This may typically be described as follows:

The notes will be unsecured obligations of the issuer and will be subordinated to the claims of all depositors and other unsubordinated creditors [except for ....].

(e) Subordinated debt in the case of convertibles

This may typically be described as follows:

The obligations will be subordinated and junior in right of payment (to the extent set out in the Trust Deed) to the prior payment in full amounts then due on senior debt of the issuer.

The definition of senior debt would then be included in the prospectus but not normally in the invitation telex.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. In the case of secured debt, the status and ranking should be spelt out in reasonable detail.

2. In the case of senior ranked debt, unless peculiarities exist, a simple, concise description such as "unsecured and unsubordinated" would be sufficient. In the case of banks, the ranking relative to deposits should be specifically addressed.

3. In the case of subordinated debt, the extent to which the rights of the investor are subordinated to the prior claims of other creditors should be clearly described.

4. Where the debt ranks below subordinated obligations, the specific ranking of the securities must be clearly described. For example, in the case of issues by banks of equity notes or equity commitment notes, the specific ranking of the securities and, if applicable, details of any relationship between the repayment of the securities and the sale of equity by the bank should be disclosed in full.

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5. It would be helpful (but not in itself sufficient) to give an indication of the ranking of the securities by including an appropriate descriptive adjective in the title of the issue, such as:

Collateralised Floating Rate Notes
Floating Rate **Subordinated** Notes
Floating Rate **Deposit** Notes

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IV. NEGATIVE PLEDGE

INTRODUCTION

A. A negative pledge is normally given by the issuer and the guarantor, if any, to ensure that other creditors do not obtain a better claim to assets on liquidation. The essence of the undertaking is not to create or assume any mortgage, charge, lien or other encumbrance over any present or future assets or revenues to secure other obligations, usually for borrowed money including guarantees, without securing the issue equally and rateably therewith.

US issuers tend to give negative pledges that follow US domestic practice covering other indebtedness with exceptions, many of which are of a standard nature. Non-US issuers may limit the pledge by specifying the type of indebtedness, e.g. foreign securities or traded securities to which the pledge is applicable.

B. Obligations for borrowed money in this context sometimes include moneys arising under sale and leaseback transactions.

C. Traded securities in the above context are securities (bonds, notes, debentures and similar paper) capable of being quoted, listed or ordinarily traded on any stock exchange or over-the-counter markets.

D. Industrial issuers may be prohibited from incurring debt secured by "principal" property or by shares or stock in subsidiaries unless the aggregate amount of all such secured debt does not exceed 5–10% of consolidated net tangible assets subject to certain specified exceptions.

E. The tighter the drafting of the negative pledge the more likely that there will be exceptions, the more common of which are intended to enable the issuer to carry on the normal course of business. Some exceptions while achieving this objective materially weaken the negative pledge. The intention is not to require in the invitation telex a list of all the common exceptions particularly of US issuers but the Lead Manager should disclose those which are uncommon and appear material.

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F. The issuer may have accepted negative pledges in domestic public issues and co-managers may enquire as to their general nature.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. The absence of a negative pledge must be disclosed.

2. The screen, telephone invitation and invitation telex should disclose the basic characteristics of the negative pledge and any uncommon exceptions which appear material.

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V. MARKET RELATED CALL PROVISIONS

INTRODUCTION

A. In Euro-issues the issuer normally has the right to redeem all or part of the issue at pre-arranged dates and prices prior to the final maturity date of the securities; this is known as a "call provision".

B. In certain Euro-securities, the bond holders have the right to demand redemption at pre-arranged dates and prices prior to the final maturity date of the securities; this is known as "put provision".

C. Redemption prior to the final maturity date of the securities as a result of changes in taxation, legislation or disclosure requirements is addressed under VI.

D. In certain Euro-issues, the issuer has the right to extend the final maturity date. The interest rate for the extended period may be determined at the issuer's discretion. Such a security is known as an "extendable bond".

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. The earliest date and price of a call provision or a put provision should be disclosed on the screen and in the telephone invitation; full details including the dates and prices of a call provision or a put provision should be stated in the invitation telex.

2. In the case of an extendable bond, the invitation telex should describe:

– the manner in which the interest rate for the extended period is determined,

– the revised maturity date resulting from the extension,

– the action, if any, to be taken by the bond holder,

– the consequence of a failure of a bond holder to take action.

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VI. TAXATION, TAX REDEMPTION AND PROTECTION AGAINST IDENTIFICATION OR CERTIFICATION

INTRODUCTION

A. Euro-issues are structured so that the interest on the bonds or notes is free of all income tax in the country of the issuer (and guarantor) provided the investor has no connection with that country other than the mere holding of the bond or note. The terms of the issue normally provide that in the event of a change in tax laws which would impose income tax on interest by way of withholding tax, the issuer will gross up for the withholding. In most issues, the issuer would then also have the right to redeem the bonds or notes.

B. Most Eurobond issues are structured so that the investors are able to collect principal and interest without being required to sign certificates or otherwise identify themselves. The most notable exceptions are the specially targeted registered issues of the US Government and Government Agencies and the floating rate notes of the Kingdom of Belgium and any registered bonds.

C. For US corporate bearer issues, protection is given for the possible imposition of certification or identification requirements. Some floating rate issues omitting the protection have generally been intended for institutional investors (with large denominations, typically $50,000).

D. A choice of paying agents in several countries ensures that there is always a place where investors can receive interest free of withholding tax or certification or identification requirements. Paying agents in Canada, Germany, Luxembourg, The Netherlands, Singapore and Switzerland are also free from any local withholding tax or certification and identification requirements.

Under US tax requirements, Eurobonds or notes in bearer form may not provide for payment of interest in the US. In the case of US issuers, payment may not be made by means of a cheque mailed to an address in the US or by wire transfer to an account in the US. In the case of non-US issuers payment may be made (by cheque or wire transfer) by crediting an account in the US.

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E. The relevant provisions in invitation telexes may be set forth in summary form using language similar to the following:

(a) **Taxes**

All payments of principal [premium, if any] and interest will be made free and clear of [country of issuer] withholding and other taxes, subject to customary exceptions. In the event that [such taxes are imposed/certain adverse tax consequences occur], the issuer will pay additional amounts so that [country of issuer] aliens will receive the full amount of principal [premium, if any] and interest which otherwise would have been due, [subject to customary exceptions].

(b) **Optional Redemption**

[On or after ..... the issuer may redeem .../non-redeemable except] in the event of imposition of certain [country of issuer] withholding taxes the notes [at any time/at the next interest payment date] in whole at [price], plus accrued interest and any additional amounts due up to such date.

(c) **US Information Reporting and Back-up Withholding Taxes (Fixed and Floating Rate Notes)**

Under temporary regulations, payments of principal and interest on the notes to a holder made by the issuer or its paying agents outside the United States will generally not be subject to information reporting or back-up withholding unless the issuer or its paying agent has actual knowledge that the holder is a United States person. With certain exceptions the issuer will be required to redeem the notes at par without additional amounts plus any accrued interest within one year in the event that payments thereon outside the United States should become subject to certain US certification, information or other reporting requirements, the effect of which is the disclosure to the issuer, a paying agent or a governmental authority of the nationality, identity or residence of a beneficial owner who is a United States alien. If such requirements can be satisfied by the payment of a back-up withholding tax or similar charge, the issuer will have the option to pay additional amounts in respect of such charges rather than redeem.

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(d) **US Information Reporting and Back-up Withholding Taxes (Zero Coupon Bonds)**

Under temporary regulations, payments of principal and interest on the notes to a holder made by the issuer or its paying agents outside the United States will generally not be subject to information reporting of back-up withholding unless the issuer or its paying agent has actual knowledge that the holder is a United States person.

If US information reporting requirements are changed so as to require disclosure of the nationality, residence or identity of the beneficial owners of a bearer note, the issuer will publish a notice permitting any holder of a bearer note to present the notes for redemption at the issue price plus accrued original issue discount to the date of redemption (but without any additional amounts) within 90 days of such notice. If such requirements can be satisfied by the payment of a back-up withholding tax or similar charge, the issuer will have the option to pay the additional amounts and not offer the redemption option.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. It is presumed that the initial payments are free of income tax and the withholding tax regime. Any deviations should be disclosed.

2. It should be disclosed whether there is a gross up provision and a tax call possibility, in the latter case with the redemption price. If the tax call can be triggered by events other than the imposition of withholding tax, they should be specified.

3. In all cases it should be stated whether the redemption date must be an interest payment date.

4. In the case of US issuers it should be stated whether there is protection against the imposition of certification or identification requirements. If such protections differ materially from the one set out above in E(c) and E(d), the differences should be spelled out.

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PRINCIPLES FOR TAX REDEMPTION CLAUSES

Optional tax redemption provisions in circumstances where withholding tax has been or will be imposed should comply with the following principles:

1. The right to call only should arise when a change in law or in the application or official interpretation thereof has occurred and, as a result, the issuer has or will become obligated to gross up.

2. Notice of redemption should not be given earlier than the date 90 days before the earliest date on which grossing up would be required were a payment in respect of the relevant securities then due.

3. An issuer should be required to take reasonable measures available to it to avoid the incidence of withholding tax and the obligation to gross up.

4. An issuer should satisfy the Trustee of its securities (if any) and/or provide certification that the necessary conditions precedent to the right to redeem have been met.

5. In the case of floating rate securities, redemption should be made only on an interest payment date.

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MODEL ENGLISH LAW TAX REDEMPTION CLAUSE

The Notes may [also] be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with Condition [Notices] (which notice shall be irrevocable), at the principal amount thereof, together with interest accrued to the date fixed for redemption, if (1) the Company [satisfies the Trustee immediately prior to the giving of such notice that it]* has or will become obliged to pay additional amounts as provided or referred to in Condition [Taxation] as a result of any change in, or amendment to, the laws or regulations or [ ] or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after [date of Subscription Agreement], and (2) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the [Trustee]* [Fiscal Agent]** a certificate signed by two [Directors] of the Company stating that [the obligation referred to in (2) above cannot be avoided by the Company taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (2) above in which event it shall be conclusive and binding on the Note holders and the Coupon holders]* [the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Company has or will become obliged to pay such additional amounts as a result of such change or amendment].**

* Applies to issues constituted by a Trust Deed
** Applies to issues under a Fiscal Agency Agreement

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MODEL US TAX REDEMPTION CLAUSE

The Notes may [also] be redeemed at the option of this Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with "Notices" below (which notice shall be irrevocable), at the principal amount thereof, together with accrued interest to the date fixed for redemption, if the Company has or will become obligated to pay additional interest on the Notes as described under "Payment of Additional Interest" as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after [date of Underwriting/Subscription Agreement], and such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional interest were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Fiscal Agent a certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent counsel of recognized standing to the effect that the Company has or will become obligated to pay such additional interest as a result of such change or amendment.

The Notes are also subject to redemption if certain events occur regarding US information reporting requirements, as described under "Special Tax Redemption" below.

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VII. SALES RESTRICTIONS AND PRIVATE PLACEMENT

INTRODUCTION

A. The current form of appropriate sales restrictions should be set out in full in the subscription agreement.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. Sales restrictions in the countries of the issuer, the guarantor (if any) and the currency should be described and any substantial deviation from generally accepted forms of sales restrictions in other jurisdictions should be disclosed.

If indicating what US sales restrictions apply, the screen and invitation telex should specify the following, deleting as appropriate:

US: [Not/144A Eligible/(Restrictions)], [Reg. S. 1/2/3], [TEFRA D/C]

The key to these simplified codes is as follows:

Not 144A Eligible	144A Sales are not permitted.
144A Eligible	144A Sales by distributors are permitted generally as part of primary sales.
144A Eligible (Restrictions)	144A Sales are permitted as part of primary sales, but subject to the specified restrictions, e.g. Lead Manager(s) only.
Reg. S. 1/2/3	The issuer is a Regulation S. Category 1, 2 or 3 issuer, as appropriate.
TEFRA D/C	The Internal Revenue Service "D Rules" or "C Rules" as appropriate apply to the issue.

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If, at the time of launch, not all decisions relating to the applicable US selling restrictions have been taken by the Lead Manager and issuer, blanks may be left but the Lead Manager should notify the syndicate as soon as the appropriate sales restrictions have been chosen.

If blanks are left, managers/selling group members/underwriters should assume that, until notified to the contrary, the TEFRA D rules apply and no sales may be made to US persons or in the USA in order to comply with Regulation S. In offerings not denominated in US Dollars, the same codes may be used, but detailed information on US selling restrictions cannot always be expected in such circumstances.

2. If the mandate requires that the issue is not distributed in a particular country or if the Lead Manager wishes to reserve to himself the distribution in a particular country, this should be disclosed.

3. If a US private placement option is available other than a 144A option, it should be disclosed as should the identity of the managers who can use this option, who can purchase the securities, and what minimum denominations are required to be purchased.

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VIII. EXPENSE CAPS

This has been incorporated into Recommendation 1.8

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IX. FORCE MAJEURE

A. The managers and underwriters are normally discharged from their underwriting obligations if certain events occur before the payment date.

B. It is recommended that one of the following two force majeure clauses should be used in straight debt issues and that it should be promptly disclosed which of Clause 1 or Clause 2 is being used. Any material variation to, or the non-use of, either Clause should also be promptly disclosed.

Clause 1

Notwithstanding anything contained in this Agreement, [...] ("the Lead Manager") on behalf of the Managers may by notice to the Issuer [and the Guarantor] terminate this Agreement at any time before the time on the Closing Date when payment would otherwise be due under this Agreement to the Issuer in respect of the Securities if:

(a) in the opinion of the Lead Manager, circumstances shall be such as:

(i) to prevent or to a material extent restrict payment for the Securities in the manner contemplated in this Agreement; or

(ii) to a material extent prevent or restrict settlement of transactions in the Securities in the market or otherwise; or

(b) in the opinion of the Lead Manager, there shall have been:

(i) any change in national or international political, legal, tax or regulatory conditions; or

(ii) any calamity or emergency,

which has in its view caused a substantial deterioration in the price and/or value of the Securities,

and, upon notice being given, the parties to this Agreement shall (except for the liability of the Issuer [and the Guarantor] in relation to expenses

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as provided in Clause [...] and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

Clause 2

Notwithstanding anything contained in this Agreement, [...] ("the Lead Manager") on behalf of the Managers may by notice to the Issuer [and the Guarantor] terminate this Agreement at any time before the time on the Closing Date when payment would otherwise be due under this Agreement to the Issuer in respect of the Securities if, in the opinion of the Lead Manager, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Securities or dealings in the Securities in the secondary market and, upon notice being given, the parties to this Agreement shall (except for the liability of the Issuer [and the Guarantor] in relation to expenses as provided in clause [...] and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

C. Conclusion of third-party agreements, such as swaps, have sometimes been made conditions precedent to the closing of a Euro-issue. This is to be discouraged.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. As stated in B above, it should be promptly disclosed which of Clause 1 or Clause 2 is being used. Any material variation to, or the non-use of, either Clause should also be promptly disclosed.

2. If the closing is made dependent on the conclusion of third-party contracts like swaps, the existence of such conditions should be stated.

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X. CROSS DEFAULT

INTRODUCTION

A. The purpose of the cross default clause is to permit the acceleration of payment of principal or the exercise of other remedies to ensure that bond holders or note holders are in a similar position as far as remedies are concerned as other creditors of a troubled issuer. The cross default clause may extend to defaults of the guarantor. The event of default covered must on the whole be material so as not to create an unnecessary crisis.

B. In the strongest type of cross default clause the bonds or notes (together with accrued interest) become capable of acceleration:

(a) if any indebtedness of the issuer, the guarantor, a significant subsidiary or agency [in the case of sovereign issues] (i) shall become or be capable of becoming repayable prior to the due date by reason of default of the issuer, guarantor, significant subsidiary or agency or (ii) shall not be repaid at maturity, or

(b) if any guarantee given by the issuer, guarantor, significant subsidiary or agency shall not be honoured when due and called upon, or

(c) if a security for any such indebtedness or guarantees is enforced in favour of the creditors or such indebtedness.

C. Such a sweeping clause can be cut back in at least six different ways:

(a) limitation of the level of indebtedness covered: only external indebtedness, indebtedness for borrowed money, publicly issued debt or funded debt.

(b) limitation of whose debt is included: only issuer's and not guarantor's, significant subsidiaries' or agency's.

(c) elimination of immaterial defaults: only defaults in respect of an indebtedness or guarantee which exceeds a threshold which may range from $1,000,000 upwards. The threshold may also be expressed in terms of a percentage of the issuer's net worth or may be on an aggregate basis to cover a succession of small defaults.

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(d) limitation of the triggering events: only actual acceleration as opposed to capability of being accelerated.

(e) inclusion of a grace period: they often range from 5 to 60 days. Many clauses also provide that they are not triggered if and so long as the issuer is contesting the acceleration in good faith. It is sometimes provided that the grace period starts running only after the holders of a specified percentage (10% to 25%) have given notice to the issuer.

(f) inclusion of a materiality test: some cross default clauses provide that they are not triggered unless the trustee certifies in writing that the default is, in his opinion, material.

SCREEN, TELEPHONE INVITATION AND INVITATION TELEX

1. It should be stated whether or not there is a cross default clause and, if the issue benefits from a guarantee, whether or not the guarantor's debt is covered.

2. Co-managers should be entitled to ask and be informed by the Lead Manager how the cross default clause varied from the strongest type set out above under B.

3. In addition, Lead Managers should be able to answer questions concerning the issuer's cross default clauses in its domestic public issues.

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XI. EXPENSES

INTRODUCTION

The following may be helpful as an indicator of which expenses should be attributed to the Issuer, and which to the Lead Manager:

MANAGERS' EXPENSES

Lead Managers' direct out-of-pocket expenses include:

- Lead Managers' legal costs incurred in the preparation and negotiation of the new issue documentation, including Subscription/ Underwriting Agreements, preparation of the Offering Circular including Terms and Conditions of the bonds, preparation of any pricing or prospectus supplement, signing and closing agendas, and the cost of legal opinions addressed to the managers;
- Bibles, ISIN/CUSIP Numbers and similar expenses incidental to the execution of the new issue;
- Cost of related travel (i.e. for the purpose of document negotiation and due diligence);
- Telephone, telex, fax and courier charges; and
- Cost of any signing or closing ceremony, or gifts.

ISSUERS' EXPENSES

Expenses that should not be charged against Lead Managers' out-of-pocket expenses include:

- Printing and distribution of Offering Circular/Prospectus, or Listing particulars and any other printed documents or contracts;
- Printing and distribution of definitive bonds, global bonds, warrants, etc.;

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- Preparation of Fiscal Agency Agreements/Trust Deed;
- Common depositary attendance fees and money transfer fees (if any);
- Costs and expenses in connection with Stock Exchange Listing applications;
- Any costs in connection with obtaining consents, approvals, authorisation of regulatory authorities;
- Issuers' own legal and accounting fees and expenses;
- Paying Agency and Trustee's costs and expenses;
- Advertising and any notices required in connection with the bonds; and
- Ongoing costs and expenses associated with the issue.

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XII. THE POT SYSTEM

IPMA published Recommendation 1.20 (Pot Distribution) today. Recommendation 1.20 addresses the disclosure to be made by Bookrunners to syndicate members when launching a debt issue which is to be distributed by the 'pot' method.

The purpose of this explanatory memorandum is to provide some practical information on the pot system and pot system terminology, as currently used in the European international debt primary markets. Market practice in this area is continually evolving, and individual transactions are structured according to their specific circumstances. This memorandum is not intended to prescribe or endorse particular structures or practices. It is a cornerstone of the IPMA Recommendation that all relevant information must be clearly described to syndicate members when they are invited into a new issue.

BACKGROUND

In a 'pot' distribution, all or a portion of a new issue is set aside to be allocated to investors out of a central order book run by one or more of the Bookrunners for the issue. Other syndicate members contribute orders to the pot, but do not control the final allocation or distribution of bonds. This well-established US market practice has become common in the Euromarkets, including, but not only, benchmark issues, issues for investment grade and non-investment grade corporate borrowers and financial institutions, issuers who raise money in the capital markets infrequently, and structured issues such as Tier 1 capital. This method of distribution contrasts with the traditional Euromarket practice, whereby managers receive an allotment of bonds at the discretion of the Lead Manager, which they sell directly to their clients. This 'underwritten' distribution method (so-called because the Bookrunners 'underwrite' the price with the issuer based on existing market levels rather than deal-specific investor demand) is commonly used with frequent borrowers for whom market pricing and yield curves can be easily established.

The following comments are a guide to some current practices.

POT STRUCTURES

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100% Pot: If a deal is launched as a 100% pot, the Bookrunners allocate the entire issue to investors brought into the pot by the Bookrunners and syndicate members. Co-lead and co-managers are invited to join the underwriting group for the issue, but do not receive an allotment of bonds, and do not determine which investors receive bonds.

Retention bonds: If a pot issue is launched with retention bonds, syndicate members who are not Bookrunners receive an allotment of bonds at a pre-announced specified percentage or amount of their underwriting commitment, which they sell directly to their clients, without disclosing to the Bookrunners which investors have bought them. The remaining bonds are allocated to investors from a pot managed by the Bookrunners.

Incentive pot: In some pot deals, a portion of the issue is set aside to be filled by orders from co-lead and co-managers. They may share one pot, or each group may have a separate pot. This structure may be used, for example, if there is likely to be specialist interest in an issue, because, for example, the issuer is well known in a particular region. The Bookrunners allocate orders contributed to this pot to the nominated investors at the Bookrunners' discretion, and the managers who bring orders in to the pot typically receive fees linked to the orders they submit, if they are filled out of the pot (see Economics below). Incentive pot bonds not subscribed through the incentive pot are allocated at the Bookrunners' discretion, but are often taken up by the Bookrunners. An incentive pot is sometimes called a performance pot or a flexipot.

Strategic reserve: issues for borrowers such as multilateral agencies and government issuers are occasionally launched with a small portion of the issue set aside for co-lead and/or co-manager orders. These bonds are allocated to investors by the issuer from orders brought into the pot by the co-lead and/or co-managers. As with other structures, bonds not taken up through the pot are allocated at the Bookrunners' discretion.

Selling group: Pot deals sometimes also include a selling group. The selling group is selected and managed by the Bookrunners. The Bookrunners allocate bonds to the selling group out of the Bookrunners' pot or retention bonds, based on demand, on a 'take and pay' basis.

ECONOMICS

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Fee structures, like pot structures, continue to evolve. The following are examples of some structures currently in use.

Fixed economics: This refers to the fees which a co-lead or co-manager receives on a new issue pot deal, which are not linked to investor orders that that manager contributes to the pot.

Full fees: This is the most common fee structure for 100% pot deals. Managers receive combined management, underwriting and selling commission (i.e. 'full fees') based on their underwriting commitment, although they do not receive any bonds.

Incentive pots and strategic reserves: Co-leads and co-managers typically receive 'full fees' on their underwriting commitment (which includes any allotment of retention bonds). In addition they may receive either 'full fees' or selling concession on the sole orders they bring in to the pot which are filled. Managers do not typically receive fees on orders they place which are not filled. Fees on filled investor orders placed by more than one co-lead or co-manager are allocated at the Bookrunners' discretion.

Retention bonds: Co-leads and co-managers receive management, underwriting and selling commission on the part of their underwriting commitment which is designated 'retention'. Additional fees vary according to the structure of the pot – for example, 'full fees' on the balance of their underwriting commitment, or management and underwriting commission on the balance of their underwriting commitment and selling concession on orders in the pot which are attributed to co-lead and/or co-managers.

Selling groups: Selling group members do not underwrite the issue, and do not receive a management or underwriting fee. They are paid selling concession on their allotment.

Investors: Investors buy pot bonds at the re-offer price. In most issues the re-offer price and the issue price of the bonds are the same.

INVESTOR TRANSPARENCY

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Pot issues generally require syndicate members who are putting orders in to the pot to disclose the names of their investors, either to the Bookrunner, or, if the issuer is managing a strategic reserve, to the issuer. The IPMA Recommendation states that any requirements to disclose investor names must be described clearly before invited managers have accepted their invitation to join the syndicate. Occasionally small orders are accepted from managers who have an investor who does not want his or her name disclosed for confidentiality or bank secrecy reasons (so-called Account X orders).

INVESTOR ORDERS AND ALLOCATION

Investors may place orders with each Bookrunner and/or syndicate member with whom they have a relationship. This is a recognised market practice.

There are no consistently applied conventions for placing and filling multiple orders, and an order of 6 million left with each of three Bookrunners may be interpreted as total investor interest of 18 million, or total investor interest of 6 million. Investors need to state clearly their total level of interest when leaving multiple orders, and Bookrunners need to be sure they understand the basis on which multiple orders have been placed before allocating bonds.

SETTLEMENT

Bonds are allocated to investors and, where relevant, managers, within a short time of deal pricing, usually 24 hours. Managers who bring orders in to an incentive pot typically settle the allocation they receive from the incentive pot directly with their investors. The Bookrunner responsible for settling the issue (Settlement Manager or Billing and Delivery Manager) is expected to pay fees to syndicate and selling group members on the payment (closing) date of the issue. If there are retention bonds, managers with retention bonds may be instructed to deduct their fees from the payment they make to the Settlement Manager. Instructions for payment are included in the Invitation or Allotment notice. If an issue consists of more than one tranche, there may be more than one Settlement Manager.

HEDGING

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In a typical pot deal, one of the Bookrunners may arrange the hedging for the pot bonds which are settled through the Settlement Manager.

SECONDARY TRADING

Bookrunners will usually provide liquidity in the new issue, in normal market conditions. Bookrunners do not run a joint secondary book, and there is generally no investor name give–up in the secondary market.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION SEVEN
IPMA STANDARD DOCUMENTATION AND STANDARD LANGUAGE

I: Standard Form Agreement Among Managers

Version 1: Fixed-Price Non Equity-Related Issues – with or without selling group – March 2004

French Law Schedule

German Law Schedule

New York Law Schedule

Version 2: *Withdrawn March 2004*

Version 3: Managers only Equity-Related Issues – January 2000

II: Explanatory Memorandum: IPMA Standard Form Medium Term Note Pricing Supplement

Pro Forma Pricing Supplement

III: ISMA Compliant Language for Actual/Actual interest calculations in euro-denominated fixed rate bond issues

IV: IPMA Standard Language for the EU Directive on the Taxation of Savings

V: Notice No. 2 on Contracts (Rights of Third Parties) Act 1999

VI: Standard Form Arrangement and Comfort Letters for Stand-Alone Bonds

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VII: Standard Form Stabilising Agent Appointment Letter – IPMA Agency Terms

VIII: Standard Collective Action Clauses (CACs) for the Terms and Conditions of Sovereign Notes

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I

Standard Form Agreement Among Managers

Version 1: Fixed-Price Non Equity-Related Issues – with or with selling group – March 2004

French Law Schedule

German Law Schedule

New York Law Schedule

Version 2: Withdrawn March 2004

Version 3: Managers only Equity-Related Issues – January 2000

The circumstances in which each Agreement and the Schedules can be used are stated in explanatory notes preceding each Agreement.

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AGREEMENT AMONG MANAGERS

Version 1
(Fixed-Price Non Equity-Related Issues –
with or without Selling Group)

EXPLANATORY NOTE
IPMA Standard Form Agreement Among Managers

A. The IPMA Standard Form Agreement Among Managers Version 1 is intended for use in fixed-price non-equity-related issues where there is no intention to charge stabilisation losses to the Managers, other than any Managers who are appointed stabilising agents. It also assumes that the IPMA Recommendation that cost overruns should not be charged to Managers, other than any Joint Bookrunners/Joint Lead Managers is to be followed. This Agreement caters for issues using a pot system. However, given the wide variety of pot systems used in the market, where a pot system is used care should be taken to ensure that the provisions of this Standard Form are consistent with the commercial arrangements of that pot system. Where modifications are required, they should be set out in the Invitation to Managers. This revision of Version 1 will apply in respect of all issues using Version 1 where the Invitation to Managers is sent on or after 1st March 2004, and replaces the previous revision to Version 1 which was valid for issues where the Invitation to Managers was sent on or after 19th May 2003.

B. This version of the IPMA Standard Form Agreement Among Managers contains provisions designed to deal with selling groups appointed by Joint Bookrunners/Lead Managers. IPMA Agreement Among Managers Version 2 (Managers and Separate Selling Group) is withdrawn with effect for issues where the Invitation to Managers is sent on or after 1st March 2004.

C. This version of the IPMA Standard Form Agreement Among Managers will be used when the Invitation to Managers contains the words:

Agreement Among Managers: IPMA Version 1.

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D. In the request to each Manager to appoint authorised signatories to execute agreements on its behalf the following language should be inserted:

> *The execution of the Subscription Agreement by or on behalf of all parties will constitute your acceptance of the IPMA Agreement Among Managers Version 1 subject to any amendment notified to you in writing at any time prior to the earlier of the receipt by the Lead Manager or the Settlement Lead Manager of the document appointing your authorised signatory and the execution of the Subscription Agreement.*

The effect of adding these words is that each Manager will become bound by this version of the Standard Form Agreement Among Managers (with the appropriate variations) by virtue of having become bound by the Subscription Agreement.

If there are to be no Signing Authorities, because all Managers are to sign the Subscription Agreement, the Subscription Agreement (or some other contract to be signed between the Managers) should include a provision confirming acceptance of the IPMA Agreement Among Managers Version 1.

E. The Agreement contemplates that (except where all Securities are to be allocated out of a Pot) the Lead Manager or the Settlement Lead Manager will notify each Manager of the net amount due from it at Closing (i.e. after deduction of the fees due to it). []

F. The Agreement is suitable for issues where (a) the obligations of the Managers are to be joint and several and (b) the closing of the issue is to be through Euroclear Bank S.A./N.V. and/or Clearstream Banking société anonyme. It may also be used where other clearing systems are involved, as indicated in the Invitation to Managers. When the obligations of the Managers are not joint and several, amendments may be required to reflect arrangements between the Managers, for example, to deal with Managers' obligations to subscribe additional securities if a Manager defaults, if the provisions of Clause 3 do not reflect the commercial arrangements between the Managers.

G. The Agreement provides for the possibility that there may be more than one Lead Manager. There is no uniform practice in the market as to how the

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roles typically associated with a sole Lead Manager are divided between (or shared by) joint Lead Managers. Accordingly, the Agreement assumes, by default, that, apart from the roles of Stabilising Manager and Settlement Lead Manager, the roles are to be carried out jointly, unless the Invitation to Managers or the Subscription Agreement indicate otherwise (see Clause 10). Where there is any conflict between the Subscription Agreement, the Invitation to Managers and this Agreement in relation to the roles of joint Lead Managers, the Subscription Agreement should prevail.

Care should be taken in identifying circumstances where it would be inappropriate for the powers to be exercised jointly. For example, if one of the joint Lead Managers is an affiliate of the Issuer, it would usually be inappropriate for that Lead Manager's consent to be required before an event of force majeure is deemed to have arisen.

H. The Agreement provides for contribution arrangements between Joint Bookrunners in certain circumstances. If different arrangements are to apply between the Joint Bookrunners for a specific transaction, the Joint Bookrunners should amend the provisions between themselves. This can be done by means of a separate agreement or letter and does not need to be disclosed in the Invitation to Managers.

I. As with any agreement, market participants are responsible for ensuring that the type and content of the Agreement Among Managers adopted for a particular transaction are appropriate in the circumstances.

J. This version is suitable for use whether or not there is a selling group. It assumes that, where there is a selling group, it is appointed by one or more of the Joint Bookrunners or Lead Manager(s) on its/their own behalf, not on behalf of the other Managers. The Joint Bookrunners/Lead Manager(s) are responsible for the terms and documentation of any Selling Group arrangements. It also assumes that none of the Managers is a member of the Selling Group. Amendments will be required if any of these assumptions does not apply in a particular case.

K. This Explanatory Note does not form part of the Agreement Among Managers.

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

AGREEMENT AMONG MANAGERS VERSION 1

The Terms of the Agreement Among Managers in respect of each issue where this form of Agreement has been selected for use are as follows (subject, in the case of each Manager, to any amendment notified to that Manager in writing at any time prior to the time when the Signing Authority granted by that Manager to the Lead Manager to which such Signing Authority is being granted is received by it or, where no Signing Authority is granted by that Manager, the date on which that Manager signs the Subscription Agreement). Terms used in this Agreement have the meanings assigned to them in the attached Schedule. Where this Agreement Among Managers has been selected for use, it is conditional upon and will take effect upon the execution of the Subscription Agreement for the relevant issue of Securities.

1. OFFERING

Except where there is a Pot relating to all of the Securities, the Managers confirm that the Settlement Lead Manager, as agent of the Issuer, has offered or will offer all or some of the Securities to Managers for subscription or purchase in the amounts already notified to each Manager by the Settlement Lead Manager.

2. UNDERWRITING

The Securities will as between the Managers be severally underwritten by the Managers in the amounts set out in the Commitment Notification.

3. SUBSCRIPTION

If there is a Defaulter:

(1) where the Default Securities were sold out of a Pot:

(a) the Settlement Lead Manager will promptly notify the other Joint Bookrunners (if any) of the amount of the Default Securities;

(b) theSettlementLeadManagermayrequiretheJointBookrunner(s) or Manager(s) who proposed that Defaulter for inclusion in the Pot to subscribe or purchase those Default Securities. If more than one Joint Bookrunner or Manager proposed that Defaulter for inclusion in the Pot, any requirement by the Settlement

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Lead Manager under this paragraph shall be made on a basis that is *pro rata* to the amount of the orders brought by each such Joint Bookrunner or Manager

(2) where the Defaulter is a member of a Selling Group or a person nominated by a Selling Group member, the Lead Manager or the Joint Bookrunner who appointed the relevant Selling Group member to the Selling Group shall subscribe or purchase those Default Securities. If the appointment was made by more than one such person, the subscription or purchase shall be made on a basis that is pro rata to their Commitments

(3) where the Default Securities were allotted to a Manager, the Settlement Lead Manager may require each non-defaulting Manager who has agreed to subscribe or purchase Securities as a result of offers described in Clause 1 in a principal amount which is less than its Commitment, to subscribe or purchase additional Securities, but so that no non-defaulting Manager shall, under this paragraph (3) and as a result of offers accepted by it as described in Clause 1 be obliged to subscribe or purchase a principal amount of Securities in excess of its Commitment. In exercising its rights under this paragraph, the Settlement Lead Manager shall allocate Securities to each non-defaulting Manager to whom the paragraph applies in proportion to their Commitments, subject to paragraphs (6) and (7)

(4) if any Default Securities remain to be subscribed or purchased after the application of paragraph (1) and/or (2) and/or (3), the Settlement Lead Manager may require each of the non-defaulting Managers to subscribe or purchase such Default Securities in proportion to their Commitments

(5) if any non-defaulting Manager defaults in its obligation to subscribe or purchase any Default Securities under paragraph (4), the provisions of paragraph (4) will apply in respect of the other non-defaulting Managers to such Default Securities

(6) the Settlement Lead Manager may adjust the amount of Securities it requires any Manager to subscribe or purchase under this Clause up or down to such extent as it may deem expedient and equitable so as to ensure that no Manager is required to subscribe or pay for a fraction of any Security

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(7) as an alternative and/or in addition to paragraphs (1) and/or (2) and/or (3) and/or (4) and/or (5), the Joint Bookrunner(s) or (if none) the Settlement Lead Manager may, in its/their absolute discretion, subscribe or purchase any Default Securities to which this Clause applies and/or offer them to any person (whether or not a Manager) or retain them for its/their own account. Where the Joint Bookrunners subscribe or purchase Default Securities pursuant to this paragraph (7) in any issue where there is a Pot they shall do so in the same proportion as they share the underwriting fees relating to the Default Securities within the Pot (unless they agree otherwise)

(8) any Default Securities to which this Clause relates will be subscribed or purchased (unless the only subscribers or purchasers are the Joint Bookrunners and they agree otherwise)

(a) where the Defaulter was a Selling Group member, at the Selling Price

(b) (where the Default Securities were allocated out of a Pot) at the Reoffer Price and

(c) in any other case at the Selling Price, but after deduction of the defaulting Manager's Combined Commission (if any) divided among the non-defaulting Managers (or, in the case of paragraph (7), the Joint Bookrunner(s) or (if none) the Settlement Lead Manager)

plus, in each case, an amount determined by the Settlement Lead Manager in its absolute discretion as being the proportion attributable to such Default Securities of the cost of borrowing the funds necessary to make payment for the Default Securities to the Issuer on the Closing Date and of any other costs associated with the default in relation to the Default Securities.

4 . AUTHORITY TO LEAD MANAGER

Each of the Managers authorises (in the case of sub-paragraphs (1) and (2)) the Settlement Lead Manager and (in the case of sub-paragraph (3)) the Lead Manager as its agent and on its behalf to do whatever that Manager is (or all the Managers together are) required or entitled to do under the Subscription Agreement including:

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(1) entering into such arrangements with Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme or such other clearing system as may be specified for closing of the issue in the Invitation to Managers (or the entities through whom they act) as the Settlement Lead Manager reasonably believes to be appropriate to effect payment for and delivery of the Securities or the Global Instrument delivered in respect of the Securities

(2) borrowing for the account of the Managers, for their several accounts in proportion to their respective Commitments, such sum as may be necessary in order that payments due to the Issuer and the Managers can be effected as specified in the Subscription Agreement and the Settlement Lead Manager may pay interest at then current rates

(3) waiving compliance with any of the conditions referred to in the Subscription Agreement in respect of which the right of waiver is reserved.

As an alternative to borrowing under paragraph (2), the Settlement Lead Manager may as principal lend, and may charge interest at then current rates on, such sums as are referred to in that paragraph mutatis mutandis on the terms of that paragraph.

Any amounts due from any Manager as a result of any borrowing made on its behalf, or any loan to it, will be paid forthwith upon demand.

5. STABILISATION

(a) Stabilising Manager

Each Manager acknowledges that the Stabilising Manager is appointed stabilising manager for the Stabilisation Securities. However, this Clause does not authorise the Stabilising Manager to carry out stabilisation and/or over-allotment transactions on behalf of the Managers. Any such transactions shall be for the Stabilising Manager's own account (or that of the Lead Manager, if so agreed with the Stabilising Manager), or, if there are joint Lead Managers or Joint Bookrunners who have been appointed stabilising agent, for the account of each of them and the Stabilising Manager, pro rata to their Commitments, and shall be effected in accordance with applicable laws.

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(b) Non-Stabilisation Agreement

No Manager other than the Stabilising Manager (and any lawful agent appointed by it) will effect any transactions (whether in the open market or otherwise) with a view to stabilising or maintaining the market price of the Stabilisation Securities at levels other than those which might otherwise prevail.

6. EXPENSES

(a) Retention

The amount paid by the Issuer or the Guarantor in respect of Managers' expenses shall be retained by the Lead Manager for its own account, or for the account of the Joint Bookrunners, if so agreed between them. The other Managers will not be reimbursed for any of their expenses in connection with the issue of the Securities.

(b) Expenses on Termination

If the obligations of the Managers under the Subscription Agreement to subscribe or purchase the Securities are terminated, the Managers who are Joint Bookrunners or joint Lead Managers agree to contribute in proportion to their respective Commitments in meeting any direct out-of-pocket expenses incurred by the Lead Manager, and/or Joint Bookrunners if Clause 6 (a) applies, which are not recoverable and/or are not recovered from the Issuer or the Guarantor under the Subscription Agreement.

7. TERMINATION

If any Manager wishes to terminate its obligations to subscribe or purchase the Securities under the Subscription Agreement, it shall consult with the Lead Manager who shall, to the extent the Lead Manager considers reasonably practicable, consult with the other Managers. The Lead Manager may in any event, on behalf of the Managers and in its sole discretion, give notice of such termination to the Issuer in accordance with the terms of the Subscription Agreement and shall not be responsible to any Manager for any consequences resulting from any such notice. No other Manager may give any such notice and the Lead Manager may not be required to give, or not to give, such notice.

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8. PARTNERSHIP

None of the provisions of this Agreement or any other agreement relating to the Securities shall constitute or be deemed to constitute a partnership or joint venture between the Managers or any of them, or between them (or any of them) and anyone else, and, except as specifically provided, none of the Managers shall have any authority to bind any other Manager in any way.

9. CONTRIBUTION BETWEEN JOINT BOOKRUNNERS

(1) This Clause applies:

(a) unless the Joint Bookrunners agree that it shall not apply and

(b) subject to any amendments agreed in writing between the Joint Bookrunners.

(2) No Joint Bookrunner shall be liable to make a contribution in respect of any claim or proceeding under this Clause to any other Joint Bookrunner;

(a) to the extent that the claim or proceeding is made by a regulatory or supervisory body by which the Joint Bookrunner requiring a contribution is authorised or regulated, in respect of a breach of the rules or regulations of that body by such Joint Bookrunner;

(b) to the extent that the claim or proceeding relates to a breach by the Joint Bookrunner requiring a contribution of the Subscription Agreement or any other agreement relating to the issue of the Securities; or

(c) where that other Joint Bookrunner is also the Issuer or Guarantor or any entity in the Issuer's or Guarantor's group.

(3) Subject to the other paragraphs of this Clause, each Joint Bookrunner agrees with the other(s), whether or not the Securities shall have been issued and settlement made of all other rights and obligations under this Agreement, to contribute pro rata to its Commitment (without regard to the limits set out in Clause 6(b)) towards:

(a) all expenses incurred by any Joint Bookrunner and not

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reimbursed by the Issuer or the Guarantor or any other person in investigating or defending any claim or proceeding which is asserted or commenced by any party (including any governmental or regulatory body) in connection with the issue and offering of the Securities and

(b) any liability, including legal fees, incurred by any Joint Bookrunner in respect of any such claim or proceeding, whether such liability shall be the result of a judgment or of any settlement agreed by that Joint Bookrunner.

(4) No Joint Bookrunner shall be entitled to any contribution under this Clause if it has, without the agreement of the other Bookrunner(s), taken any action or engaged in any course of conduct that may have a substantial adverse effect on the outcome of any such claim or proceeding.

(5) Where any such claim or proceeding is brought against any of the Joint Bookrunners, the Joint Bookrunners shall retain legal advisers reasonably satisfactory to all of them to represent the person against whom the claim or proceeding is brought and each Joint Bookrunner shall pay a share, on a basis pro rata to its Commitment, of the fees and expenses of such legal advisers related to such claim or proceeding. In any such claim or proceeding, any Joint Bookrunner shall have the right to retain its own legal advisers, but the fees and expenses of such legal advisers shall be the liability of such Joint Bookrunner unless any of the following circumstances occur in which case they shall be the liability of all of the Joint Bookrunners, on a basis pro rata to their Commitments:

(a) the Joint Bookrunners have failed within a reasonable time to agree on the legal advisers to be retained or

(b) representation of all Joint Bookrunners by the same legal advisers would be inappropriate due to actual or potential differing interests between them.

(6) No Joint Bookrunner shall be liable for any settlement of any claim or proceeding effected without its written consent, but if settled with such consent or (subject to paragraph (2)) if there be a final judgment for the plaintiff, the Joint Bookrunners agree to share on a basis pro rata to their Commitments any loss or liability by reason of such settlement or judgment. No Joint Bookrunner shall, without

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the prior written consent of the other Joint Bookrunners, effect any settlement of any pending or threatened claim or proceeding in respect of which any other Joint Bookrunner is or could have been a party and payment could have been sought hereunder from that other Joint Bookrunner, unless such settlement includes an unconditional release of such other Joint Bookrunner from all liability in respect of the subject matter of such claim or proceeding.

(7) This Clause shall override any other provision in any other contract relating to the issue of the Securities to which the Joint Bookrunners are parties, to the extent that it is inconsistent with any such other provision.

10. JOINT LEAD MANAGERS

Where there is more than one Lead Manager or Joint Bookrunners, any reference in this Agreement to the "Lead Manager" shall be construed:

(a) where any activity is expressed in the Invitation to Managers or the Subscription Agreement to be exercisable by one or more of the Lead Managers or Joint Bookrunners, as a reference, in relation to that activity, to that/those Lead Manager(s) or Joint Bookrunner(s) and

(b) in all other cases, as a reference to each of the Lead Managers or Joint Bookrunners and so that any right, discretion or authority shall be carried out by them jointly.

Where there is any conflict between the Subscription Agreement, the Invitation to Managers and this Agreement in relation to the roles of joint Lead Managers or Joint Bookrunners, the Subscription Agreement will prevail.

11. MONEY LAUNDERING

The Settlement Lead Manager confirms that

(a) it has taken or will take all appropriate action required, under the law and regulations applicable to it implementing Council Directive No 91/308/EEC concerning prevention of money laundering, in relation to the identification of the Issuer and those acting on its behalf, for the purposes

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of the issue of the Securities or if no such laws or regulations apply, appropriate action equivalent to the requirements under Council Directive No 91/308/EEC; and

(b) it will provide any Manager on request with certified copies of the relevant underlying evidence of identification of the Issuer and those acting on its behalf for the purposes of the issue of the Securities, as aforesaid.

In taking such action as it deems appropriate, the Settlement Lead Manager accepts no liability for any direct or indirect loss to the Managers in relation to any action taken by it under this Clause.

12. SURVIVAL OF RIGHTS

Completion of the subscription or purchase of the Securities by the Managers shall not terminate any rights which any party may have under this Agreement, which shall continue in full force and effect.

13. GOVERNING LAW AND JURISDICTION

This Agreement, as to which time shall be of the essence, shall be governed by and construed in accordance with English law. With respect to any suit, action or proceedings relating to this Agreement ("**Proceedings**"), each party irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party.

Nothing in this Agreement precludes any party from bringing Proceedings in any other jurisdiction (outside the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions (outside the Contracting States) preclude the bringing of Proceedings in any such other jurisdiction.

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SCHEDULE

Closing Date	The date defined as such in the Subscription Agreement.
Combined Commission	The combined management and underwriting commission set out in the Invitation to Managers.
Commitments	The amounts severally underwritten by the Managers as set out in the Commitment Notification.
Commitment Notification	The telex, fax, electronic message or other document notifying each Manager by or on behalf of the Lead Manager of that Manager's underwriting commitment.
Defaulter	Any person to whom Securities have been allotted for subscription or purchase and who defaults on that obligation, or whom the Settlement Lead Manager in its absolute discretion believes will so default.
Default Securities	In relation to any Defaulter, the Securities in respect of which it has defaulted, or the Settlement Lead Manager believes it will default.
Guarantor	The Guarantor, if any, of the issue.
Global Instrument	Includes any global instruments to be delivered by the Issuer, as provided for in the Subscription Agreement.
Invitation to Managers	The telex, fax, electronic message or other document inviting each Manager to participate in the issue.
Issuer	The issuer of the Securities.
Joint Bookrunners	The Managers (if any) identified as such in the Invitation to Managers or the Subscription Agreement.
Lead Manager	The Manager expressed to be the Lead Manager in the Invitation to Managers or as notified by any subsequent telex, fax, electronic message or other document.
Managers	The parties named as such in the Subscription Agreement.

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Pot	The amount of Securities that instead of being allotted to the Managers is sold by the Settlement Lead Manager to purchasers whose names and orders are given to it by the Managers, Selling Group members or the Issuer.
Reoffer Price	The price defined as such in the Invitation to Managers or, if none, means the price below which the Managers were told they should not reoffer the Securities until notified otherwise.
Securities	The securities to be issued as described in the Invitation to Managers.
Selling Group	The group consisting of certain entities (other than the Managers) appointed by the Lead Manager or Joint Bookrunner(s) or any of them on its/their own behalf.
Selling Price	The price at which the Managers agree to subscribe or purchase the Securities under the Subscription Agreement (that is, the gross issue price less any selling concession or commission).
Settlement Lead Manager	The Lead Manager or, if there is more than one Lead Manager, the Lead Manager so specified in the Invitation to Managers or, if none, the Manager who makes arrangements for the issue and payment of the Securities with the clearing system or systems.
Signing Authority	The document from a Manager which purports to appoint an authorised attorney or signatory to execute the Subscription Agreement.
Stabilisation Securities	The securities in respect of which the right to carry out stabilising action has been reserved in any circular or prospectus either pursuant to the Conduct of Business Rules of the Financial Services Authority, or otherwise in accordance with any applicable law or regulation.
Stabilising Manager	The person identified as having the right to stabilise the Stabilisation Securities in any circular or prospectus either pursuant to the Conduct of Business Rules of the Financial Services Authority, or otherwise in accordance with any applicable law or regulation.

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Subscription Agreement	The agreement (sometimes called an "underwriting agreement", "terms agreement" or "purchase agreement") between the Issuer, the Guarantor (if appropriate), the Lead Manager and the other Managers setting out the terms and conditions upon which the Managers agree to subscribe the Securities.

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AGREEMENT AMONG MANAGERS

FRENCH, GERMAN AND NEW YORK LAW SCHEDULES

IPMA Standard Documentation I
January 2004 French, German and New York Law Schedules

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AGREEMENT AMONG MANAGERS

French Law Schedule
Version for Issues Governed by French Law
(Non Equity-Related Issues)

The following Clauses amend the Clauses of the same numbers in Version 1 of the Agreement Among Managers so that the Agreement can be applied to issues governed by French law. Apart from these amendments, the French Law Version 1 of the Agreement Among Managers is identical to the English Law version reproduced in full in this IPMA Handbook. Where a French Law Version of the Agreement Among Managers is used, the Agreement Among Managers can be designated *French Version 1*, as appropriate. This Version applies to issues for which the Invitation to Managers is sent on or after 1st March 2004.

Clause 1

Delete the words *as agent of the Issuer,*

Clause 3(7)

Delete the words *in its/their absolute discretion*.

Clause 3(8)

Delete the words *in its absolute discretion.*

Clause 4(1)

This Clause should read as follows:

(1) entering into such arrangements with Euroclear France, or, if applicable, Euroclear Bank S.A./N.V. and Clearstream Banking sociéte anonyme, or such other clearing system as may be specified for closing of the issue in the Invitation to Managers (or the entities through whom they act) as the Settlement Lead Manager reasonably believes to be appropriate to effect payment for, and credit or delivery, as appropriate, of the Securities or the Global Instrument delivered in respect of the Securities.

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Clause 7

Delete the words *in its sole discretion*.

Clause 8

This Clause should read as follows:

> *8.* ***PARTNERSHIP***
>
> *None of the provisions of this Agreement or any other agreement relating to the Securities shall constitute or be deemed to constitute a partnership, joint venture or other foreign legal institution between the Managers or any of them, or between them (or any of them) and anyone else, and, except as specifically provided, none of the Managers shall have any authority to bind any other Manager in any way.*

Clause 13

Delete Clause 13 and insert the words:

> *This Agreement shall be governed by and construed in accordance with French law. The parties agree that the Paris Tribunal de Commerce shall have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement. To the extent permitted by applicable laws and treaties, each party reserves the right to waive the benefit of this provision and to take proceedings in any other court of competent jurisdiction.*

Schedule

Delete the Definition of Global Instrument and insert the amended definition:

Global Instrument	*Includes any instrument or certificate to be delivered by the Issuer in respect of the Securities*

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AGREEMENT AMONG MANAGERS

German Law Schedule
Version for Issues Governed by German Law
(Non Equity-Related Issues)

The following Clause amends the Clause of the same number in Version 1 of the Agreement Among Managers so that the Agreement can be applied to issues governed by German law. Apart from this amendment, the German Law Version 1 of the Agreement Among Managers is identical to the English Law version reproduced in full in this IPMA Handbook. Where a German Law Version of the Agreement Among Managers Version 1 is used, the Agreement Among Managers can be designated *German Version 1*. This Version applies to issues for which the Invitation to Managers is sent on or after 1 March 2004.

German Law Version 1 can be used irrespective of whether or not the obligations of the Managers under the Subscription Agreement are several, but not joint or joint and several. Where the obligations of the Managers under the Subscription Agreement are several, use of German Law Version 1 means in effect that any Manager may be required to subscribe or purchase Defaulted Securities allotted to it under Clause 3, in addition to its Commitment.

Clause 13

Delete Clause 13 and insert the words:

> *This Agreement shall be governed by and construed in accordance with the law of the Federal Republic of Germany. The courts of Frankfurt am Main, Federal Republic of Germany, shall have non-exclusive jurisdiction over any dispute arising under or in connection with this Agreement and each party irrevocably submits to the jurisdiction of such German courts.*

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AGREEMENT AMONG MANAGERS

New York Law Schedule
Version for issues Governed by New York Law
(non-equity related issues)

The following Clauses amend the Clauses of the same numbers in Version 1 of the Agreement Among Managers so that the Agreement can be applied to issues governed by New York law. Apart from these amendments, the New York law Version 1 of the Agreement Among Managers is identical to the English law Version 1 reproduced in full in this IPMA Handbook. When the New York law version is used, the Agreement Among Managers can be designated *New York Version 1.* This Version applies to issues for which the Invitation to Managers is sent on or after 1 March 2004.

Clause 1

Delete the words "*, as agent of the Issuer,*"

Clause 13

Delete Clause 13 and insert:

> *This Agreement shall be governed by and construed in accordance with the law of the State of New York applicable to agreements made and to be performed in said State. With respect to any suit, action or proceeding relating to this Agreement ("Proceedings"), each party irrevocably consents to submit to the non-exclusive jurisdiction of the courts of the State of New York sitting in The City of New York, Borough of Manhattan and Federal courts sitting therein and, to the fullest extent that it may do so, waives (i) any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, (ii) any claim that such Proceedings have been brought in an inconvenient forum and (iii) the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party. Nothing in this Agreement precludes any party from*

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bringing Proceedings in any other jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any such other jurisdiction.

Clause 8

Delete Clause 8 and insert:

None of the provisions of this Agreement or any other agreement entered into in connection with the issuance of the Securities shall constitute or be deemed to constitute a partnership for any purpose between the Managers or any of them or between them (or any of them) and anyone else, nor shall any of the Managers treat (or take any position that treats) the provisions of this Agreement or any other agreement entered into in connection with the issuance of the Securities as a partnership for any other purposes, and except as specifically provided, none of the Managers shall have any authority to bind any other Manager in any way.

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AGREEMENT AMONG MANAGERS

Version 2
(Managers and Separate Selling Group – Fixed-Price
Non Equity-Related Issues)

Withdrawn March 2004

March 2004

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AGREEMENT AMONG MANAGERS

Version 3
(Managers only – Equity-Related Issues)

EXPLANATORY NOTE
IPMA Standard Form Agreement Among Managers

A. The IPMA Standard Form Agreement Among Managers Version 3 is intended for use in equity-related issues. It assumes that cost overruns and stabilisation losses will be charged to co-Managers.

B. This version of the IPMA Standard Form Agreement Among Managers will be used when the Invitation Telex contains the words:

> *Agreement Among Managers: IPMA Version 3.*

C. In the telex requesting each Manager to appoint authorised signatories to execute agreements on its behalf the following language should be inserted:

> *The execution of the Subscription Agreement by or on behalf of all parties will constitute your acceptance of the IPMA Agreement Among Managers Version 3 subject to any amendment notified to you in writing at any time prior to the earlier of the receipt by the Lead Manager of the document appointing your authorised signatory and the execution of the Subscription Agreement.*

The effect of adding these words is that each Manager will become bound by this version of the Standard Form Agreement Among Managers (with the appropriate variations) by virtue of having become bound by the Subscription Agreement.

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

AGREEMENT AMONG MANAGERS VERSION 3

The Terms of the Agreement Among Managers in respect of each issue where this form of agreement has been selected for use are as follows (subject, in the case of each Manager, to any amendment notified to that Manager in writing at any time prior to the time when the Power of Attorney granted by that Manager to the Lead Manager is received by it or, where no Power of Attorney is granted by that Manager, the date on which that Manager signs the Subscription Agreement). Terms used in this agreement have the meanings assigned to them in the attached Schedule. Where this Agreement Among Managers has been selected for use, it is conditional upon and will take effect upon the execution of the Subscription Agreement for the relevant issue of Securities.

1. OFFERING

The Managers confirm that the Lead Manager, on their behalf, as agents of the Issuer, has offered or will offer the Securities to Managers in the amounts already notified to each Manager by the Lead Manager.

2. UNDERWRITING

The Securities will as between the Managers be severally underwritten by the Managers in the amounts set out in the Commitment Telex.

3. SUBSCRIPTION BY MANAGERS

If any Manager defaults in its obligation to subscribe any amount of Securities offered to it as described in Clause 1, or if the Lead Manager in its absolute discretion believes that any Manager will so default:

(1) the Lead Manager may require each non-defaulting Manager who has agreed to subscribe Securities as a result of offers described in Clause 1 in a principal amount which is less than its Commitment, to subscribe or purchase additional Securities, but so that no non-defaulting Manager shall, under this paragraph (1) and as a result of offers accepted by it as described in Clause 1 be obliged to subscribe or purchase a principal amount of Securities in excess of its Commitment. In exercising its right under this paragraph,

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the Lead Manager shall allocate Securities to each non-defaulting Manager to whom the paragraph applies in proportion to their Commitments, subject to paragraphs (4) and (5);

(2) if any Securities remain to be subscribed or purchased after paragraph (1) has been applied, the Lead Manager may require each of the non-defaulting Managers to subscribe or purchase such Securities in proportion to their Commitments;

(3) any Securities to which this Clause relates will be subscribed or purchased by the non-defaulting Managers at the Selling Price;

(4) the Lead Manager may adjust the amount of Securities it requires any Manager to subscribe or purchase under this Clause up or down to such extent as it may deem expedient and equitable so as to ensure that no Manager is required to subscribe or pay for a fraction of any Security;

(5) as an alternative and/or in addition to paragraphs (1) and/or (2), the Lead Manager may, in its absolute discretion, offer any Securities to which this Clause applies to any person (whether or not a Manager) or may retain them for its own account.

4. AUTHORITY TO LEAD MANAGER

Each of the Managers authorises the Lead Manager as its agent and on its behalf to do whatever that Manager is (or all the Managers together are) required or entitled to do under the Subscription Agreement including:

(1) entering into such arrangements with Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system and Centrale de Livraison de Valeurs Mobilières SA as the Lead Manager reasonably believes to be appropriate to effect payment for and delivery of the Global Instrument or Instruments delivered in respect of the Securities in accordance with the ISMA Primary Market Settlements recommendations;

(2) borrowing for the account of the non-defaulting Managers, for their several accounts in proportion to their respective Commitments, such sum as may be necessary in order that payment to the Issuer

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can be effected as specified in the Subscription Agreement and the Lead Manager may pay interest at then current rates;

(3) waiving compliance with any of the conditions referred to in the Subscription Agreement in respect of which the right of waiver is reserved.

As an alternative to borrowing under paragraph (2), the Lead Manager may as principal lend, and may charge interest at then current rates on, such sums as are referred to in that paragraph mutatis mutandis on the terms of that paragraph.

Any amounts due from any Manager as a result of any borrowing made on its behalf, or any loan to it, will be paid forthwith upon demand.

5. STABILISATION AND COMMISSIONS

(a) Authority to Lead Manager

In order to facilitate the distribution of the Securities, the Managers severally authorise the Lead Manager, in the Lead Manager's absolute discretion and for the account of the Managers, with a view to stabilising or maintaining the market price of the Stabilisation Securities at levels other than those which might otherwise prevail in the open market, during the period ending 30 days after the date of the Subscription Agreement, to the extent permitted by applicable laws:

(1) to purchase and sell any amount of the Stabilisation Securities in the open market or otherwise on such terms as it may decide;

(2) to offer any amount of the Stabilisation Securities in excess of the aggregate principal amount of the Stabilisation Securities;

(3) to take such action to hedge the stabilisation account in whatever securities the Lead Manager may deem appropriate; and

(4) to cover any short position or sell any long position incurred pursuant to (1), (2) or (3) above upon such terms as it may think fit.

Any positions so incurred or transactions so entered into shall be closed out for the account of the Managers within the period referred to above. Any resulting profit or loss shall be for the account of the Managers (pro rata to their respective Commitments) to the extent that it does not exceed

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60% of the Combined Commission and for that of the Lead Manager to the extent that it does.

(b) Power to Borrow

The Lead Manager may advance its own funds, or borrow for the account of the Managers, for the purposes of stabilisation and over-allotment pursuant to sub-Clause (a) above, and may (subject to the limitation contained in the final paragraph of Clause 5(a)) charge or, as the case may be, pay interest at then current rates, such interest to be taken into account as an expense of such action before calculating the profit and loss on such stabilisation or over-allotment.

(c) Non-Stabilisation Agreement

No Manager other than the Lead Manager (and any lawful regional stabilising Manager) will effect any transactions (whether in the open market or otherwise) with a view to stabilising or maintaining the market price of the Stabilisation Securities at levels other than those which might otherwise prevail.

(d) Distribution of Commissions

After payment of the net subscription moneys to the Issuer in accordance with the Subscription Agreement, the Lead Manager shall, out of the balance of the moneys received by it pursuant to the issue of the Securities, (1) from an amount equal to 40% of the Combined Commission (a) deduct the Praecipium (if any) and (b) distribute the balance of such amount to all the Managers in proportion to their respective Commitments, and (2) distribute the balance of the Combined Commission, subject to adjustment in accordance with sub-Clause (e), to all the Managers in proportion to their respective Commitments. Each Manager required to subscribe or purchase additional Securities pursuant to Clause 3 is entitled to the corresponding Combined Commission relating to such Securities which will be paid to it in accordance with this sub-Clause (d).

(e) Adjustment to Commissions

The balance of the Combined Commission shall be adjusted by the Lead Manager, prior to payment, as nearly as practicable in proportion to the respective Commitments of the Managers, as follows:

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(1) The Lead Manager shall deduct any expenses incurred in connection with the issue of the Securities to the extent that they exceed the amount set out in the Invitation Telex except that the deduction to cover those expenses shall not exceed the lower of 6% of the Combined Commission and 20% of the expenses reimbursed by the Issuer or the Guarantor (if any) and receivable by the Lead Manager.

(2) The Lead Manager shall deduct any overall loss incurred as a result of transactions effected in accordance with Clause 5(a) except that the deduction, when taken with any adjustment pursuant to sub-Clause (e)(1), shall not exceed 60% of the Combined Commission.

(3) The Lead Manager shall add any overall profit earned as a result of transactions effected in accordance with Clause 5(a) to the extent that the profit so added does not exceed 60% of the Combined Commission.

(4) The Lead Manager shall take account of interest on any borrowings made under Clause 4(2) or of any loan made by it under Clause 4.

6. EXPENSES

(a) Retention

The amount paid by the Issuer or the Guarantor in respect of Managers' expenses shall be retained by the Lead Manager for its own account. The other Managers will not be reimbursed for any of their expenses in connection with the issue of the Securities.

(b) Expenses on Termination

If the obligations of the Managers under the Subscription Agreement to subscribe the Securities are terminated, the Managers agree to contribute (subject to the aggregate amount of such contribution not exceeding the lower of 6% of the Combined Commission and 20% of the amount reimbursable by the Issuer (failing whom the Guarantor) in respect of expenses) in proportion to their respective Commitments in meeting any direct out-of-pocket expenses incurred by the Lead Manager which are not recoverable and/or are not recovered from the Issuer or the Guarantor under the Subscription Agreement.

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7. TERMINATION

If any Manager wishes to terminate its obligations to subscribe the Securities under the Subscription Agreement, it shall consult with the Lead Manager who shall, to the extent the Lead Manager considers reasonably practicable, consult with the other Managers. The Lead Manager may in any event, on behalf of the Managers and in its sole discretion, give notice of such termination to the Issuer in accordance with the terms of the Subscription Agreement and shall not be responsible to any Manager for any consequences resulting from any such notice. No other Manager may give any such notice and the Lead Manager may not be required to give, or not to give, such notice.

8. PARTNERSHIP

None of the provisions of this Agreement or any other agreement relating to the Securities shall constitute or be deemed to constitute a partnership or joint venture between the Managers or any of them, or between them (or any of them) and anyone else, and, except as specifically provided, none of the Managers shall have any authority to bind any other Manager in any way.

9. INDEMNITY

The Managers agree, whether or not the Securities shall have been issued and settlement made of all other rights and obligations under this Agreement, to contribute (without regard to the limit set out in Clause 6(b)) in proportion to their respective Commitments towards (a) all expenses incurred by the Lead Manager and not reimbursed by the Issuer or the Guarantor or any other person in investigating or defending any claim or proceeding which is asserted or commenced by any party (including any governmental or regulatory body) in connection with the issue and offering or proposed issue and offering of the Securities (other than any such claim or proceeding as may arise from the gross negligence or wilful misconduct of the Lead Manager) and (b) any liability, including legal fees, incurred by the Lead Manager in respect of any such claim or proceeding, whether such liability shall be the result of a judgment or of any settlement agreed by the Lead Manager (other than any such expense or liability as to which the Lead Manager receives indemnity in the form of payment from any other person or which arises out of the Lead Manager's gross negligence or wilful

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misconduct). Further, the Managers confirm their authority to the Lead Manager to take such action in that respect on behalf of the Managers as, in its absolute discretion, the Lead Manager considers appropriate. The Lead Manager shall notify the other Managers of any such claim or proceeding and shall (without prejudice to its foregoing authority), to the extent it considers reasonably practicable, consult the other Managers before taking any decision which the Lead Manager at the time believes may have a substantial effect on the outcome of any such claim or proceeding which it then considers material.

10. GOVERNING LAW AND JURISDICTION

This Agreement, as to which time shall be of the essence, shall be governed by and construed in accordance with English law. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably submits to the jurisdiction of the English courts and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party.

Nothing in this Agreement precludes any party from bringing Proceedings in any other jurisdiction (outside the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions (outside the Contracting States) preclude the bringing of Proceedings in any such other jurisdiction.

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SCHEDULE

Closing Date	The date defined as such in the Subscription Agreement.
Combined Commission	The combined management and underwriting commission set out in the Invitation Telex.
Commitments	The amounts severally underwritten by the Managers as set out in the Commitment Telex.
Commitment Telex	The telex sent to each Manager by or on behalf of the Lead Manager setting out the names and underwriting commitments of all of the Managers. [Note: this information may be contained in the Invitation Telex.]
Guarantor	The Guarantor, if any, of the issue.
Global Instrument	Includes any global instrument or instruments to be delivered by the Issuer, as provided for in the Subscription Agreement.
Invitation Telex	The telex inviting each Manager to participate in the issue.
Issuer	The issuer of the Securities.
Lead Manager	The Manager expressed to be the Lead Manager in the Invitation Telex or as notified by any subsequent telex.
Managers	The parties named as such in the Subscription Agreement.
Power of Attorney	The document from a Manager appointing an authorised attorney to execute the Subscription Agreement.
Praecipium	The praecipium set out in the Invitation Telex.
Securities	The securities to be issued as described in the Invitation Telex.
Selling Price	The price at which the Managers agree to subscribe the Securities under the Subscription Agreement (that is, the gross issue price less any selling concession or commission).

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Stabilisation Securities	The securities in respect of which the right to carry out stabilising action has been reserved in any circular or prospectus pursuant to the Conduct of Business Rules of the Securities and Investments Board.
Subscription Agreement	The agreement between the Issuer, the Guarantor (if appropriate), the Lead Manager and the other Managers setting out the terms and conditions upon which the Managers agree to subscribe the Securities.

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II

Explanatory Memorandum
IPMA Standard Form Debt Programme Pricing Supplement

Pro Forma Pricing Supplement

June 2003 *(revised)*

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EXPLANATORY MEMORANDUM
IPMA Standard Form Debt Programme Pricing Supplement

The pricing supplement is a critical document in the operation of a Debt/ Euro Medium Term Note Programme. It sets out the commercial terms of a particular trade under the Programme. For most Programmes, when the executed pricing supplement is attached to an authenticated copy of the master global note for the Programme, it completes the global note to create legal obligations of the issuer under the notes being issued, and thereafter can generally only be amended in accordance with the provisions in the relevant Programme for amendments to note issues. As part of the mechanism for listing an issue of notes, the Pricing Supplement must be lodged with the relevant stock exchange. Accordingly, the issuer is responsible for ensuring that each pricing supplement is accurate and complete.

The IPMA Standard Form Pricing Supplement (the "IPMA Pricing Supplement") was developed and is now being revised, following extensive consultation with market practitioners and legal advisers, and is intended to be as helpful as possible at the time of publication. It may not, however, contain all language appropriate in every situation. In particular, it is important to check that it does not conflict with any other form of pricing supplement specified in the Programme documentation, and that all necessary amendments and/or additions are made for issues of structured notes.

IPMA strongly encourages dealers and issuers either to use the IPMA Pricing Supplement or to ensure that the pricing supplement included in the Programme documentation follows the form of the IPMA Pricing Supplement so far as circumstances allow, as standardisation (to the extent possible) benefits all market participants by reducing clerical and operational time spent in the preparation and correction of documentation, minimising the risk of oversights, and making the document easier to produce, review and read. As with any standard form however, issuers, dealers and their advisers are responsible for ensuring the suitability of its use and content in the circumstances of each Programme, and for specific issues of securities.

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If the IPMA Pricing Supplement is included by way of an amendment to an existing Programme, careful consideration should be given to any conforming changes in the Terms and Conditions that may be necessary.

If an issue originally documented under a different form of pricing supplement (including the previous version of the IPMA Pricing Supplement) is increased, careful consideration should be given to the appropriate form of documentation for the increase.

IPMA recommends members to ensure that the disclosure document for any Programme, new or updated, includes in full the form of pricing supplement, whether or not the IPMA Pricing Supplement is used.

Issuers and other market participants should note that pricing supplements generally are not intended as a means of updating disclosure on the issuer or any guarantor. Such disclosure should normally be addressed by a supplement to the listing particulars in accordance with any relevant laws or rules. The relevant Lead Manager or dealer is encouraged to remind issuers of their obligations under Programme documentation when arranging issues under Programmes.

In certain cases it may be advisable to prepare the Terms and Conditions of the relevant tranche in full, upon advice from counsel in the relevant jurisdiction. Examples include an issue which is expected to generate significant retail distribution in Germany (where certain German counsel have generally advised that issues of consumer protection require full Terms and Conditions to be given) or where a trade is particularly complex or raises particular issues of liability. Where full Terms and Conditions are used, the pricing supplement should contain under "Other terms or special conditions" wording to the effect set out in the Footnote below. However, in the case of an increase to an existing issue, it will typically be necessary to follow the format used for the existing tranche.

The numbering of the IPMA Pricing Supplement is designed to retain a reference to all material items while producing a final document which is as short as possible. Where a heading requires a number of items to be entered, these should be in the form of sub-paragraphs designated (i), (ii) and so on.

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When there is a guarantor, the issuer and the relevant dealer(s) must consider if it is necessary to obtain the signature of the guarantor to the pricing supplement in order to bind the guarantor to the particular issue of notes, based on the formal structure of the guarantee, the relationship between the issuer and the guarantor, and legal advice in the relevant jurisdiction.

This IPMA Pricing Supplement and Explanatory Memorandum update the standard IPMA Pricing Supplement and Explanatory Memorandum published in November 1998 (which appear in the IPMA Handbook footnoted January 2000).

Note

"The full text of the Terms and Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are as set out in [the Annex hereto], which Terms and Conditions replace in their entirety those appearing in the [Information Memorandum/Offering Circular/Prospectus] for the purposes of these Notes and such Terms and Conditions will prevail over any other provision to the contrary."

The bracketed language is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Terms and Conditions should be attached to and form part of the pricing supplement.

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PRO FORMA PRICING SUPPLEMENT

Pricing Supplement dated •

[Name of Issuer]
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by **[Name of Guarantor]**]
under the ***[insert Programme Amount]*** **[Debt Issuance Programme]**
[Euro Medium Term Note Programme]

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the [Information Memorandum/Offering Circular/Prospectus] dated •[1] [and the supplemental [Information Memorandum/Offering Circular/Prospectus] dated •]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such [Information Memorandum/Offering Circular/ Prospectus] [as so supplemented].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a [Information Memorandum/ Offering Circular/Prospectus]with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the [Information Memorandum/Offering Circular/Prospectus] dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the [Information Memorandum/Offering Circular/ Prospectus] dated [current date] [and the supplemental [Information Memorandum/Offering Circular/Prospectus dated•], save in respect of the Conditions which are extracted from the [Information Memorandum/ Offering Circular/ Prospectus] dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.

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Italics denote directions for completing the Pricing Supplement.]

1.	[(i)] Issuer:	[ ]
	[[(ii) Guarantor:	[ ]]
2.	[(i)] Series Number:	[ ]
	[(ii) Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	[ ]
3.	Specified Currency or Currencies:	[ ]
4.	Aggregate Nominal Amount:	[ ]
	[(i)] Series:	[ ]
	[(ii) Tranche:	[ ]]
5.	[(i)] Issue Price:	[ ] per cent of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii) Net proceeds:	[ ] (*Required only for listed issues*)]
6.	Specified Denominations:	[ ][2] [ ]
7.	[(i)] Issue Date:	[ ]
	[(ii)] Interest Commencement Date	[ ]
8.	Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]

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9.	Interest Basis:	[• % Fixed Rate] [[*specify reference rate*] +/– • % Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*specify*)]
11.	Change of Interest or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	[(i)] Status of the Notes:	[Senior/[Dated/Perpetual]/ Subordinated]
	[(ii)] Status of the Guarantee:	[Senior/[Dated/Perpetual]/ Subordinated]][3]
14.	Listing:	[London/Luxembourg/other (*specify*)/None]
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

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(i)	Rate[(s)] of Interest:	[ ] per cent per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
(iii)	Fixed Coupon Amount[(s)]:	[ ] per [ ] in Nominal Amount
(iv)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v)	Day Count Fraction:	[30/360 / Actual/Actual (ISMA/ISDA) / other]
(vi)	Determination Dates:	[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ISMA))*
(vii)	Other terms relating to the method of calculating interest	[Not Applicable/*give details*] for Fixed Rate Notes:

17. **Floating Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*

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(i)	Interest Period(s)	[ ]
(ii)	Specified Interest Payment Dates:	[ ]
(iii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
(iv)	Business Centre(s):	[ ]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[ ]
(vii)	Screen Rate Determination:	
	– Reference Rate:	[ ]
	– Interest Determination Date(s):	[ ]
	– Relevant Screen Page:	[ ]
(viii)	ISDA Determination:	
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[ ]
(ix)	Margin(s):	[+/-][ ] per cent per annum
(x)	Minimum Rate of Interest:	[ ] per cent per annum
(xi)	Maximum Rate of Interest:	[ ] per cent per annum

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(xii)	Day Count Fraction:	[ ]
(xiii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]

18.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	[Amortisation/Accrual] Yield:	[ ] per cent per annum
(ii)	Reference Price:	[ ]
(iii)	Any other formula/basis of determining amount payable:	[ ]

19.	**Index-Linked Interest Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Index/Formula:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the interest due:	[ ]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
(iv)	Interest period(s)	[ ]
(v)	Specified Interest Payment Dates:	[ ]
(vi)	Business Day Convention:	[Floating Rate Convention/ Following Business Day

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Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details*)]

(vii) Business Centre(s): [ ]

(viii) Minimum Rate of Interest: [ ] per cent per annum

(ix) Maximum Rate of Interest: [ ] per cent per annum

(x) Day Count Fraction: [ ]

20. **Dual Currency Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]

(iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

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(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
(iv)	Notice period[4]	[ ]
22.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
(iii)	Notice period[4]	[ ]
23.	**Final Redemption Amount of each Note**	[[ ] per Note of [ ] specified denomination /other/see Appendix]
24.	**Early Redemption Amount**	
	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[ ]

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GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Registered Notes]
26.	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16 (ii), 17(iv) and 19(vii) relate*]
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]

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28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
29.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
30.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition •] [annexed to this Pricing Supplement] apply]
31.	Consolidation provisions:	[Not Applicable/The provisions [in Condition •] [annexed to this Pricing Supplement] apply]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33.	(i)	If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii)	Stabilising Manager (if any):	[Not Applicable/*give name*]
34.		If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
35.		Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

36.	ISIN Code:	[ ]
37.	Common Code:	[ ]

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38.	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)]*
39.	Delivery:	Delivery [against/free of] payment
40.	Additional Paying Agent(s) (if any):	[ ]

[**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the [*insert Programme Amount*] [Debt Issuance Programme] [Euro Medium Term Note Programme] of •.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....
Duly authorised

[Signed on behalf of the Guarantor:

By: .....
Duly authorised]

Notes

[1] To leave blank in the pro forma pricing supplement in the offering circular.

[2] *Section 6: Add the following language if the programme allows for issues of securities with a maturity of less than one year and the issuer is not an authorised person permitted to accept deposits or an exempt*

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person under the UK Financial Services and Markets Act 2000. Delete square-bracketed text for issuers incorporated in the UK or within S 418 FSMA. The issue of securities with a maturity of less than one year by such issuers, where the issue proceeds are to be accepted in the United Kingdom, or, in the case of issuers incorporated in the UK or within S 418 FSMA, will be subject to S 19 FSMA unless their denomination is £100,000 or more (or its equivalent in other currencies) and they are only issued to "professionals" within Article 9(2)(a) of the Financial Services and Markets Act (Regulated Activities) Order 2001:

> Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S 19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

Add appropriate provisions to terms and conditions if included.

[3] *Add the following language if Board (or similar) authorisation is required for the particular tranche of notes or related guarantee*

> Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]

[4] If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its fiscal agent or any trustee.

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III

ISMA Compliant Language for Actual/Actual interest calculations in euro-denominated fixed rate bond issues

IPMA
December 2003 *(reviewed)*Standard Documentation III

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ISMA COMPLIANT LANGUAGE FOR ACTUAL/ACTUAL INTEREST CALCULATIONS IN EURO-DENOMINATED FIXED RATE BOND ISSUES

VERSION 1 (No long/short coupons)

Where interest is to be calculated in respect of a period which is equal to or shorter[1] than an Interest Period the *[insert definition used for day-count fraction]* used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by [the product of (1)][2] the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) [and (2) the number of Interest Periods normally ending in any year][2].

VERSION 2 (Long or short coupons)

The *[insert definition used for day-count fraction]* will be calculated on the following basis:

(i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the *[insert definition used for day-count fraction]* will be the number of days in the Accrual Period divided by [the product of (1)][2] the number of days in such Determination Period [and (2) the number of Determination Periods normally ending in any year][2]; and

(ii) if the Accrual Period is longer than one Determination Period[3], the *[insert definition used for day-count fraction]* will be the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by [the product of (1)][2] the number of days in such Determination Period [and (2) the number of Determination Periods normally ending in any year][2]; and

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(B) the number of days in such Accrual Period falling in the next Determination Period divided by [the product of (1)][2] the number of days in such Determination Period [and (2) the number of Determination Periods normally ending in any year][2],

where:

"Accrual Period" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"Determination Period" means the period from and including *[insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]* in any year to but excluding the next *[insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]*.

Notes

[1] For example, if a call or a put option is exercised otherwise than on a normal date for payment of interest.

[2] The wording in brackets can be deleted where the Interest Period is one year.

[3] The language refers to our Accrual Period which is no more than two Determination Periods. The wording can be similarly extended to accommodate longer periods.

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IV

IPMA Standard Language for the EU Directive on the Taxation of Savings

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IV

IPMA STANDARD LANGUAGE FOR THE EU DIRECTIVE ON THE TAXATION OF SAVINGS

On 19 July 2004, the European Commission announced that the EU's Council of Ministers has adopted a decision establishing an application date for the Savings Tax Directive of 1 July 2005.

IPMA is updating its EU tax disclosure language, last revised in October 2003, to reflect this date. This is the only change to the IPMA tax disclosure language. As the tax disclosure language published in October 2003 is still accurate in material respects, there is no need for issuers who are using it to update their programmes earlier than they otherwise would.

For the sake of convenience the revised IPMA EU tax disclosure paragraph and accompanying note are set out below:

> *"The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. [It is expected that a number of third countries and territories including [insert name] will adopt similar measures with effect from the same date*]"*

Note:

* A number of third countries are expected to introduce "equivalent measures" to the Savings Directive. Where the issuer is itself located in such a jurisdiction a full tax paragraph will normally be inserted for that jurisdiction. Where the issuer is not itself located in such a jurisdiction but has a paying agent who is, consider inserting the words in parenthesis.

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IPMA STANDARD LANGUAGE FOR THE EU DIRECTIVE ON THE TAXATION OF SAVINGS

IPMA announced updates to its EU Savings Tax Language on 30 October 2003 as follows:

"On 15 February 2001 IPMA released standard tax exemption language for inclusion in bond and medium term note issues to take account of the proposals by the EU to adopt a directive on the taxation of savings income (the "**Savings Directive**").

On 3 June this year the European Union, pursuant to those earlier proposals, adopted the Savings Directive in what is expected to be its final form.

IPMA is now pleased to update its standard EU tax exemption tax language for inclusion in bond and medium term note issues to take account of the adoption of the Savings Directive.

The changes from the previous IPMA standard language are not substantive, and are made simply to take account of the fact the previous proposals for the Savings Directive have now been formally adopted without material amendment.

IPMA anticipates that issuers and Lead Managers will generally wish to update documentation to reflect the fact the Savings Directive has now been adopted.

It should, however, be noted that, precisely because the changes are not substantive:

- there is no need for issuers who are using the original IPMA EU language in programme documentation to update their programmes in light of the adoption of the Savings Tax Directive earlier than they otherwise would; the original IPMA language will still operate as intended;

- where issuers have updated their programme documentation to incorporate the new IPMA EU Savings Tax Directive language enclosed with this Press Release but wish to tap pre-existing issues

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incorporating the earlier IPMA EU language, they will need to disapply the updated language so the new issue is made on exactly the same terms as the pre-existing issue in order that the terms of the two issues are fully fungible. The original IPMA EU language incorporated into the new issue in this way will still operate as intended."

The amendments are attached in Annex A. The guidance note issued in February 2001 is attached at Annex B.

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Annex A

RECOMMENDED AMENDMENTS TO PRE-EXISTING IPMA EU LANGUAGE

I. EXCEPTIONS TO GROSS-UP

[The gross up language will not apply in respect of any Note or Coupon…]:

> **"(–)** where [such withholding or deduction] is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
>
> **(–)** presented for payment by or on behalf of a [holder] who would have been able to avoid such withholding or deduction by presenting the relevant [Note/Coupon] to another [Paying Agent] in a Member State of the EU."

II. ADDITIONAL ISSUER UNDERTAKING

> "The [issuer] undertakes that, if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 is brought into force, it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive."

III. EU TAX DISCLOSURE

> "The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 January 2005 to provide to the tax authorities of other

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Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. [It is expected that a number of third countries and territories including [insert name] will adopt similar measures with effect from the same date.*]"

Note

* A number of third countries are expected to introduce "equivalent measures" to the Savings Directive. Where the issuer is itself located in such a jurisdiction a full tax paragraph will normally be inserted for that jurisdiction. Where the issuer is not itself located in such a jurisdiction but has a paying agent who is, consider inserting the words in parenthesis.

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Annex B

NEW TAX GROSS UP CLAUSE FOR THE EU DIRECTIVE ON THE TAXATION OF SAVINGS PROPOSED AT THE NICE ECOFIN COUNCIL ON 26–27 NOVEMBER 2000

The International Primary Market Association is making available to issuers, lead managers, arrangers and their legal and tax advisers withholding tax clause language for inclusion in the terms and conditions of bond issues (Annex 1), and suggested disclosure language for inclusion in disclosure documents (Annex 2). The suggested language is intended to allow issues to continue with minimum disturbance after the proposed European Union Directive on the taxation of savings comes into effect, taking into account the 1 March 2001 grandfathering date in the Directive.

The information exchange provisions in the Directive are also grandfathered up to this date.

1. BACKGROUND

The Directive was the subject of consultation for three years and certain aspects of it are still under active debate. No draft of the Directive is currently available. The former draft dated May 1998 will be withdrawn and replaced shortly, but no firm date is fixed for a redraft.

The analysis below is based on the EU Presidency paper entitled "Conclusions of the ECOFIN Council on 26–27 November 2000 on the tax package" dated 27 November 2000.

Even when the Directive has been formally approved, it will have to be implemented by way of national legislation.

Accordingly, IPMA can only highlight a number of areas raised by the Directive that issuers, lead managers and arrangers should bear in mind when arranging a new issue of bonds. They should continue to take their own legal advice, as the position may change radically at any time.

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2. OUTLINE OF PROPOSALS

The Directive will:

- Apply when a person located in one Member State makes a payment to an individual resident in another Member State
- Of income on a debt claim, including Eurobonds
- Where that individual is an EU resident
- From 2003 subject to various conditions

Where the Directive applies, the person making the payment will collect information from the individual receiving payment and transmit that information to the individual's tax authority. As an interim measure, for a period of seven years from the introduction of the Directive, Austria, Belgium and Luxembourg will impose a withholding tax in place of information reporting. These countries will transmit to the tax authorities of the country of residence of the individual suffering the withholding 75% of any tax withheld under "revenue sharing" arrangements.

There are proposals for "grandfathering" existing issues, under which neither the information collection or withholding tax provisions of the Directive will apply if:

- The issue date of the bonds is prior to 1 March 2001, or
- The prospectus for the issue is certified by the competent authority prior to 1 March 2001.

3. GROSS UP AND TAX CALL

Most Eurobonds contain a provision requiring the issuer to gross up payments if a withholding or deduction has to be made under the laws of the issuer's country of incorporation (or that of the guarantor, if there is one) for tax on payments by or on behalf of the issuer.

To protect the issuer against the additional cost of such gross up provisions, most Eurobonds also permit the issuer to call the whole issue at par if the issuer is (or would be on the next payment date) required to gross up.

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The Directive poses a problem for both issuer and investor. The issuer will be faced with the possibility that its issue will have to be grossed up, giving it the choice of refinancing the issue by exercising the tax call, or bearing the additional cost of grossing up. The investor will be faced with the prospect of having the bond redeemed early and (depending on market conditions) losing an investment carrying a favourable interest rate.

4. NEW TAX LANGUAGE

For issues that settle after 28 February 2001 and therefore are not grandfathered, we attach language for two additional exceptions (see Annex 1). Both this language and Annex 2 have been prepared in co-operation with a group of leading law firms active in the international capital markets and have been the subject of wide consultation with other law firms and practitioners in Europe.

The language has been approved by all relevant IPMA Committees.

It may be referred to as "IPMA Standard EU Exception" for inclusion in usual tax gross up clauses.

The first exception removes the gross up obligation from any payment to an individual where the withholding results from the proposed Directive. The second exception deprives a holder of the bond of the benefit of the gross up if the payment would not have attracted withholding if presented to another paying agent in the EU.

On the current basis of the Directive, bonds including this language would not be subject to grossing up for tax and consequent early redemption as a result of the Directive.

5. AVOIDANCE OF GROSS UP

There will be no gross up and hence no call if:

- The bonds are issued under the grandfathering arrangements referred to above, or
- The bond contains the additional exceptions set out in Annex 1 to the gross up provision.

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6. NON-EU ISSUERS

The Directive will only affect payments to individuals who are residents of a Community State. As the gross up provision in Eurobonds is almost invariably limited to taxes imposed by the issuer's (or guarantor's) jurisdiction, it is unlikely that the Directive will ever trigger a gross up on Eurobonds issued by non-EU issuers.

However, in the absence of the text of the Directive and its implementing legislation, it will be safer to include the additional exceptions from the gross up provision in such issues. The proposals contemplate non-EU countries and dependent and associated territories' implementing "comparable" withholding or information reporting arrangements; it is possible that these may include arrangements for sharing of revenue from withholding. Any such revenue sharing could result in any withheld tax being treated as tax of the issuer's country, thus triggering the gross up.

There is also considerable benefit in a standard form of tax clause applicable to the entire international debt market.

7. MEDIUM TERM NOTES

The grandfathering proposals include an exemption for issues made on or after 1 March 2001, where the prospectus for the issue was certified by the competent authority before 1 March 2001. It is not entirely clear how this is intended to operate in the context of Medium Term Note programmes. In the absence of any clarity, it is unsafe to assume that the language is intended to permit drawdowns after 1 March 2001 to be grandfathered, even if the base prospectus was dated before that date.

There are two alternative ways of including the additional exceptions in the gross up provision in the terms and conditions of the notes – by updating the programme (i.e., the base prospectus); and by inserting the additional exceptions into the pricing supplement for each drawdown on or after 1 March 2001. It will normally be impractical to carry out an emergency update of current programmes, but the necessary amendments should be made at the next update of the programme. In the meantime, care must be taken to ensure that the necessary amendments to the gross up provisions are included in the pricing supplement for each drawdown.

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A number of programmes include a guarantee that is given to cover all issues under the programme from time to time (rather than requiring a specific guarantee to be executed for each drawdown). Such guarantees may require amendment for drawdowns occurring on or after 1 March 2001, even though no other update of the programme is contemplated.

8. FUNGIBLE ISSUES

The decision to grandfather issues settled before 1 March 2001 inevitably will make it very difficult to issue add on tranches which are fungible with existing issues. The problem arises in two main areas.

First, a condition of fungibility is that the terms and conditions of the old and new tranches are identical in every respect. Therefore, if the new bonds contain the additional exceptions set out in Annex 1, they will not be fungible with the old bonds.

Second, any mixing of grandfathered and non-grandfathered issues will potentially jeopardise the position of any individual holding a direct or indirect interest in the grandfathered bond, who may lose the ability to receive payment gross as a result of the fungible issue.

Bond issues which do not add the additional exceptions to new bonds or where old and new bonds do not contain tax gross up provisions will have identical terms and conditions in the old and new issues but the tax treatment under the Directive of the old and new bonds will be different.

If the bonds are considered to be fungible, it will be impossible to distinguish between the pre-1 March bonds and the new bonds. Therefore, all the bonds may be subject to withholding or information reporting. Issuers will want to consider carefully whether they are prepared to jeopardise the position of holders of the grandfathered bonds.

In addition, the new issue will be at risk from future changes in the Directive and in any implementing legislation.

IPMA has concluded, after careful review, that the risk of confusion and mistakes among investors, traders, paying agents, collecting agents, clearing and settlement organisations and custodians, if issuers attempt to make new issues fungible with grandfathered issues, outweighs the potential benefits of fungibility.

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At the date of this Guidance Note, the criteria for effective fungibility are not clear. The terms and conditions of securities intended to be fungible will have to be identical to each other, and another essential factor will be the allocation of the same ISIN or other securities identity number as that of the relevant outstanding securities. It will be important to check with the relevant clearing systems and ISIN number generator before issue.

Clearstream Bank and Euroclear Bank are currently considering what will be their policy in this area.

These questions are unlikely to be resolved before 1 March 2001.

Certain EU Member States are concerned about the effect of grandfathering on their own, outstanding central government securities, as loss of fungibility will mean that they will not be able to reopen their issues. This may pose problems for strips, liquidity facilities and reaching the Euro MTS thresholds. Developments in this area may mean that the provisions of the Directive change and in any case are likely to delay the production of a publicly available draft of the Directive.

IPMA expects to publish additional guidance on fungibility as soon as the situation becomes clear.

9. ADDITIONAL UNDERTAKING FROM ISSUERS

The second additional exception referred to in 4. above excludes payments where the withholding or deduction would have been avoided if presentation had been made to another EU paying agent. In order to give full effect to this exception, consideration should be given to including in the documentation for the issue a provision which would require the issuer to maintain an EU paying agent in a country that will not implement a withholding regime under the proposed Directive, along the following lines:

> *The [issuer] undertakes that, if the conclusions of the ECOFIN Council meeting of 26–27 November 2000 are implemented, it will ensure that it maintains a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to the Directive*

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This, or other appropriate wording, could be included in the underwriting agreement, if the managers wish to be party to the arrangements, and in the terms and conditions, fiscal agency agreement or trust deed.

15 February 2001

ANNEX 1

Usual tax clause to which, in addition to the typical exceptions from the obligation to gross up for withholding or deduction from payment by the issuer (or guarantor, if any) in respect of any Note or Coupon, should be added:-

[The gross up language will not apply in respect of any Note or Coupon…]:

- where [such withholding or deduction] is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or

- presented for payment by or on behalf of a [holder] who would have been able to avoid such withholding or deduction by presenting the relevant [Note/Coupon] to another [Paying Agent] in a Member State of the EU

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

ANNEX 2

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments [and subject to the proposals not being required to be applied to [Notes]* issued before 1 March 2001.]**

Notes

* Insert appropriate terminology for particular issue

** Delete for prospectuses under which no pre-1 March issues are made.

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V

Notice No. 2 on Contracts (Rights of Third Parties) Act 1999

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NOTICE NO. 2 DATED 18 OCTOBER, 2000 ON THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

THIS NOTICE SUPERSEDES THE NOTICE PREVIOUSLY CIRCULATED ON 11 MAY 2000

BACKGROUND

This Notice is relevant to any contract which is governed by English law in the context of an international offering of securities. The Contracts (Rights of Third Parties) Act 1999 (the "Act") of the United Kingdom was enacted on 11 November 1999 and provides that persons who are not parties to a contract may be given enforceable rights under the contract. During the period from 11 November 1999 to 10 May 2000, such rights could only be created expressly. In other words, for the Act to apply the contract must say in terms that it applies. After 10 May 2000, the Act continues to apply where it is expressed to do so and, in addition, it applies where a term of the contract purports to confer a benefit on a third party (that is, where there is no express application of the Act in the contract) – unless the intention of the parties is otherwise.

Consistency and clarity are important in the international securities. The purpose of this Notice is to set out guidelines to assist market participants in achieving this.

GENERAL APPROACH

The general approach adopted in English law contracts relating to international offerings of securities should be to disapply the Act. Each contract should contain wording to the following effect:

> *A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement [but this does not affect any right or remedy of a third party which exists or is available apart from that Act].*

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The phrase in square brackets is optional – it simply reflects the existing legal position under the Act.

As securities are not really "agreements" with "parties", the wording to be included in the terms and conditions of the securities to disapply the Act should be as follows:

> *No person shall have any right to enforce any term or condition of this [security] under the Contracts (Rights of Third Parties) Act 1999.*

This wording should be contained in the terms and conditions of securities and, in the case of an issue under a Programme, either in the terms and conditions for the Programme or in the Pricing Supplement.

Where it is desired to apply the Act to a specific provision in a contract, wording should be included in that provision, to the following effect:

> *The Contracts (Rights of Third Parties) Act 1999 applies to this Clause ( ).*

Care (and appropriate advice) should be taken when applying the Act to specific provisions, particularly where the parties to the contract wish to control the way in which the rights granted can be exercised; and where they wish to be able to amend or vary the terms of the contract without the consent of the third party. If the contract contains restrictions on assignment of rights, consideration should also be given to extending these to the rights created under the Act.

Where the Act is to apply only to certain provisions in a contract, the language above disapplying the Act should be adapted as follows:

> *A person who is not a party to this Agreement has no right under the Contracts (Rights of Third parties) Act 1999 to enforce any term of this Agreement, except and to the extent (if any) that this Agreement expressly provides for such Act to apply to any of its terms.*

This will require a conscious act by the draftsman and thus avoid rights being created inadvertently.

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SPECIFIC CASES WHERE THE ACT MAY BE RELEVANT

1. INDEMNITY

Under section 15 of the Securities Act of 1933 and section 20 of the Securities Exchange Act of 1934 of the United States of America, persons who control the underwriters of a securities issue and others may be liable in relation to misleading prospectuses. Individual employees and officers may also be liable. It is usual to obtain an indemnity from the issuer of such securities against such liabilities. The indemnity also covers affiliates of the managers as they are typically involved in distributing securities. The indemnity is usually contained in the Subscription Agreement (or the Dealer Agreement in a Programme).

Such "controlling persons", employees, officers and affiliates are not parties to the Subscription Agreement or the Dealer Agreement and under English law have not been, prior to the Act, able to enforce the indemnity directly themselves. Instead, they have to rely on the manager (who is a party) to enforce on their behalf.

It is not normally desirable to apply the Act to this indemnity because it will make any litigation arising out of a misleading prospectus more difficult for the manager of the issue to control.

When the Act is disapplied as contemplated above, it is desirable to recast this indemnity in order to give the manager control over any litigation and to seek to ensure the recoverability of third party losses. Wording to the following effect should be used:

> *The issuer undertakes to [each Manager/the Arranger and each Dealer] that if that [Manager/Arranger or Dealer] or [insert list of indemnified third parties] (each a 'Relevant Party') incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) (a Loss") arising out of, in connection with or based on [insert list of indemnified circumstances], the Issuer shall pay to that [Manager/Arranger or Dealer] on demand an amount equal to such Loss.*

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No [Manager/Arranger or Dealer] shall have any duty or obligation, whether as fiduciary for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause.

2. RULE 144A INFORMATION COVENANT

One of the conditions which has to be satisfied for the safe harbour under Rule 144A under the Securities Act of 1933 of the United States of America to be available is that the issuer must agree to supply certain information to purchasers of the securities from time to time.

This agreement is currently contained, in typical English law documentation, in a deed (which puts it outside the English law rules limiting enforcement to contractual parties only). This will either be the Trust Deed for the issue or (if there is none) will usually be a deed poll. There is felt to be no real disadvantage to the current arrangements for dealing with this issue and it is not always easy to identify a contract into which the agreement can conveniently be put. It could be included in the Subscription Agreement (or the Dealer Agreement in a Programme) and made subject to the Act. However some participants in the market believe that such Agreements should be limited to matters of concern between the issuer and the managers, and should not contain extraneous matters of this sort. For those who share this view, it is suggested that the current procedures should continue to be used rather than the Act.

The exception to this principle is in relation to issues of global depositary receipts, where the covenant can conveniently be included in the Deposit Agreement.

3. DIRECT ENFORCEMENT RIGHTS

Where issues are in global form and are held through Euroclear or Clearstream (and possibly other clearing systems), the clearing systems will not normally enforce the terms of the securities against an issuer or guarantor on behalf of persons investing in such securities through accounts held with the Clearing Systems – (see IPMA Recommendation 1.16). Accordingly, such participants must be given direct enforcement rights against the issuer and guarantor in the case of default. Such rights are

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typically contained, in an issue governed by English law, either in the Trust Deed for the issue or, if there is none, in a deed poll. It would be possible to use the Act, instead of a deed poll, to create such direct enforcement rights. However, this would be inadvisable, without further discussion with the relevant clearing systems, as the deed poll contains a number of provisions dealing with timing and other mechanical issues.

4. KEEP-WELL AGREEMENTS

The Act may be used in connection with keep-well agreements governed by English law, where these are intended to be legally enforceable by parties to a securities transaction.

5. TRUST DEEDS

Trust Deeds typically contain an indemnity to the Trustee and anyone employed by it against losses incurred in carrying out duties under the Trust Deed. This indemnity is currently expressed in favour of the Trustee, but may be expressed in favour of the Trustee and its employees, and made subject to the Act. In any such case, the Trustee should be consulted at an early stage as to whether the Act should be used in this way or whether the Trustee would prefer to adopt an approach similar to that described in 1 above.

6. SECURITISATIONS

The Act may be useful to simplify securitisation documentation. For example, it would be possible to use the Act to confer benefits under contracts on a Security Trustee, rather than making the Security Trustee a party to the contract. Equally, where covenants are currently passed from party to party in a succession of contracts, the documentation can be simplified by using the Act so that the benefit of the covenant is given directly to the intended recipient without involving a chain of intervening contracts. However, care must be taken in using the Act to create third party rights where the giver of the rights is intended to be a bankruptcy-remote vehicle, because the Act contains no provisions to enable bankruptcy-remote provisions (such as an agreement not to petition for winding up) to be imposed on third parties.

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VI

Standard Form Arrangement and Comfort Letters for Stand-Alone Bonds

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STANDARD FORM ARRANGEMENT AND COMFORT LETTERS

Following extensive dialogue and debate between IPMA and the UK accounting firms – Deloitte & Touche, Ernst & Young, KPMG and Pricewaterhouse Coopers – together the "Major UK Firms", standard forms of Arrangement Letter and Comfort Letter have been developed and are attached to this Notice.

It is envisaged that the Major UK firms will use these standard form documents in connection with the issuance by their clients in the international market of investment grade "straight debt" securities that are straightforward. For this purpose "straight debt" does not include subordinated bonds, bonds to the extent that they are to be sold in the U.S., bonds that are part of a securitisation financing, or bonds that contain a derivative element or are index or credit linked; and "investment grade" means securities where the issuer or guarantor is rated A or higher by Standard & Poor's or Moodys in respect of the type of security being issued.

In relation to debt securities and issuers other than those included in paragraph 2 above, the arrangements will be subject to agreement between the relevant parties in the context of those transactions (and, while they may decide to adopt the letters attached hereto, it is envisaged that such arrangements may involve procedures and comfort that are different from those contained in the attached letters).

The attached version covers stand alone bond issues. IPMA and the major UK firms intend to develop standard form documentation to cover the establishment and update of Medium Term Note Programmes for investment grade issuers which will be published as soon as possible.

The Major UK Firms have indicated that they will use their reasonable efforts to persuade their international network of national practices to use the standard forms of Arrangement Letter and Comfort Letter outside the United Kingdom and the U.S. for such debt securities offerings in the international market, recognising that the parties will need to have regard to local laws and professional requirements and to market practice applicable in the relevant jurisdictions.

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The Major UK Firms have agreed to advise their members and networks respectively of the nature and scope of the understandings set out in this notice.

The first point of contact at the Major UK Firms for any queries concerning the utilisation of the standard form letters should be the client engagement partner. In the event that a client engagement partner is uncertain about the application of standard form letters each of the firms has identified the following people as points of reference within their London offices to assist in this respect:

Deloitte & Touche	–	Michael Fisk/Lionel Young
Ernst & Young	–	Steve Hextall/Steve Parkinson
KPMG	–	Peter Hughes/David Cattermole
Pricewaterhouse Coopers	–	Bill Morgan/Hitesh Shah

Each of the above has confirmed their agreement on behalf of their respective UK firms to its contents.

IPMA is pleased to have worked with its members and the accounting firms in developing these standard form documents. As with any standard form, however, when using them, issuers and lead managers should take care to consider the suitability of their use, content and governing law provisions in the circumstances of each specific issue of securities.

IPMA welcomes feedback on the operation of the standard form Arrangement and Comfort Letters which should be sent to hstyle@ipma.org.uk.

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ARRANGEMENT LETTER FOR STAND-ALONE BONDS

The Directors
Eurobond Issuer
The Lead Manager and the other Managers (as defined in Paragraph 2 below)
[Date]

Dear Sirs,

[PROPOSED] EUROBOND ISSUE BY EUROBOND ISSUER[1] ("the Issuer")

Introduction

1. This arrangement letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue of [ ] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Listing Rules of the [relevant] Stock Exchange[2] or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, the Lead Manager ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.

Addressees

2. This arrangement letter is addressed to the directors of Eurobond Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this arrangement letter on their behalf. Their legal names are set out in Appendix 1 to this arrangement letter and, together with the Lead Manager, are referred to in this arrangement letter as "the Managers".

3. By signing and accepting the terms of this arrangement letter, the Lead Manager confirms that it will ensure that it receives prima facie

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authority from each Manager identified in Appendix 1 authorising it to enter into this arrangement letter on the relevant Manager's behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.

4. Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this arrangement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this arrangement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this arrangement letter as "the Managers".

Comfort Letter

5. The Lead Manager confirms that, in connection with the proposed Issue, it is aware of guidance relating to due diligence issued by the International Primary Market Association from time to time, which will be followed by it in connection with the proposed issue.

6. Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose.

7. For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs 8, 9, 27, 32 and 33 of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of the contents of the Offering Circular to the extent that such liability

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arises because the work undertaken pursuant to this arrangement letter or the comfort letter was undertaken negligently.

8. Any comfort letter issued pursuant to this arrangement letter will not have been provided in accordance with the professional standards of the US American Institute of Certified Public Accountants and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in the United States and, in the event of any such use in the United States, we accept no responsibility in this regard.

9. Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.

10. Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 6. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).

11. Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers or as may be required by law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.

12. Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.

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13. You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.

Work and Procedures

14. Our work will, where appropriate, be conducted in accordance with [*any applicable professional guidance or, if none, the Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom*]. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.

15. We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [*date of last audited balance sheet*]. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.

16. The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.

17. We will only carry out those verification[3] procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such

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procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in *[the relevant country]*, other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.

18. In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter[4] and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.

19. Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.

20. Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

Contents of the Comfort Letter

21. We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing

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our comfort letter.][5] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.

[22. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.][5]

[23. Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.][5]

24. For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.[6]

Drafts

25. During the course of the arrangement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.

Audit Opinion

26. The Issuer may not include our audit opinion in the Offering Circular without our prior written approval[7] [8].

Meetings

27. It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering

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Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation we shall have no liability to you in contract or in tort (including negligence) for our answers[9].

28. Unless otherwise specifically agreed between the parties, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this arrangement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.

Timetable

29. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.][10]. We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.][11]

Applicable Law and Jurisdiction

30. This arrangement letter shall be governed by, and construed in accordance with, [specify country (other than the US) whose laws govern the Subscription Agreement[11]] law.

The Courts of [*specify country (other than the US) whose laws govern the Subscription Agreement]* shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the

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action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Fees

31. Our fees will be the responsibility of and will be paid by the Issuer.

Other Terms and Conditions

32. In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees, or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this letter.

33. The terms and conditions, which are attached as Appendix 2, also form part of this arrangement letter. These terms and conditions shall apply, as indicated in such terms and conditions, to the Issuer and the accountants, save that Paragraphs [ ] and [ ] shall apply to all the addressees of this arrangement letter.[12]

34. In the event of any inconsistency between this arrangement letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.

Prohibition on Assignment

35. No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent, provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.

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Entire Agreement

36. This arrangement letter and the Appendices to it constitute the entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.

Yours faithfully

Acknowledgement and Acceptance

[*by the Issuer and Lead Manager]*

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

APPENDIX 1

Names of the Managers[13]
(Subject always to compliance with the requirements
of Paragraph 2 of the arrangement letter[14])

APPENDIX 2

Further Terms and Conditions

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APPENDIX 3

Text of the Draft Comfort Letter
(if appropriate – see footnote 4)

This draft is furnished solely for the purpose of indicating the form of letter that we would expect to be able to provide pursuant to this arrangement letter, the matters expected to be covered in the letter, and the nature of the procedures that we would expect to carry out with respect to such matters. The procedures outlined in this draft letter have been discussed between and agreed by the Issuer, the Lead Manager and us. Unless further procedures are agreed, we shall assume that there are no additional procedures for us to follow. The text of the letter itself will depend, of course, on the results of the procedures, which we would not expect to complete until shortly before the letter is given and in no event before the cut-off date indicated therein.

The Directors
Eurobond Issuer
Lead Manager
[Other Managers] [Other Managers identified in Appendix 1 of the Arrangement Letter]
[Date]

Dear Sirs,

PROPOSED EUROBOND ISSUE BY [EUROBOND ISSUER] ("the Issuer") [15]

We attach as Appendix 1 a copy of the Offering Circular entitled "[ ]"and dated [ ] which we have initialled for identification purposes. We attach as Appendix 2 a copy of the arrangement letter dated [ ] (the "Arrangement Letter"), the terms of which have been agreed between us, are deemed to have been incorporated in this comfort letter and govern the matters addressed by this comfort letter and its use. The terms of the Arrangement Letter are amended by the terms of this comfort letter to the extent expressly set out herein.

This letter is addressed to the Directors of Eurobond Issuer, to Lead Manager ("the Lead Manager") and to each of the [other managers whose names are set out above] [the Managers identified in Appendix 1 of the

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Arrangement Letter] who have agreed to participate in the proposed issue of [*the Securities*] ("the Issue") provided they have validly authorised the Lead Manager to accept the Arrangement Letter on their behalf. Together with the Lead Manager, they are referred to as "the Managers".

This letter is furnished solely for the private information of its addressees in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance relating to due diligence issued by the International Primary Market Association from time to time in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular on the basis set out in the Arrangement Letter. Accordingly this letter is addressed to you for that purpose and may not be relied on by you or used for any other purpose, nor be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).

We will not accept any responsibility to any other party to whom our letter is shown or into whose hands it may come (including any Manager who has not validly authorised the Lead Manager to accept the Arrangement Letter).

In accordance with the terms of the Arrangement Letter referred to above we have read the sections of the Offering Circular identified below.

Financial Information

On pages [–], the Offering Circular sets out certain financial information for the [three] years [and six/three months] ended [*insert dates*] of the Issuer. We have read this information and have compared it with that shown in the audited financial statements [and the unaudited published interim financial statements for the [six/three] months ended [*date*]] of the Issuer. We confirm that this financial information has been accurately extracted from the audited financial statements for the relevant years [or, as the case may be, the published unaudited interim financial statements for such period]. [We did not conduct a review of such interim financial

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statements in accordance with the standards and guidance issued by the [*appropriate professional body - in the United Kingdom, the Auditing Practices Board].*]

Other Financial Information

For the purposes of this letter, we have also read the items that you have identified as indicated on the attached copy of the Offering Circular [by the symbols explained below][16] and confirm that the relevant items have been accurately extracted or derived from their respective sources or have been correctly calculated as follows:

[α Compared to the audited accounts of the Issuer at [*date*] and found them to be in agreement.

δ Compared to and found to be in agreement with [*describe document*] which the Issuer has represented was [*prepared/derived*] from the accounting records. We have not traced the information to the accounting records themselves.

ϖ Recomputed the [*percentages/ratios etc*.] and found them to be correctly calculated].[17]

Capitalisation and Indebtedness Table

On page [ ] of the Offering Circular there is a statement of the capitalisation and indebtedness of the Issuer. We have read the capitalisation and indebtedness statement and we confirm that the shareholders' funds, borrowings and contingent liabilities at [*insert date of last previously published [audited financial statements] [unaudited interim results*[18]*]*] included in that statement have been accurately extracted [from the *[audited financial statements] [unaudited interim results*[19]*]* of the Issuer as at [*insert date of last [audited financial statements] [unaudited interim results*[19]*]*] [in relation to which we did not conduct a review in accordance with the standards and guidance issued by the [*appropriate professional body – in the United Kingdom, the Auditing Practices Board*]][19] [20].

Changes in Financial Position

For the purpose of this letter, we have performed the following limited procedures:

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(1) We have:

(a) read the minutes of meetings of [*identify bodies*] of the Issuer held since [*insert the date of its last published annual financial statements*] as set out in minute books at [*insert date*] (the "cut off date") ([*together with/excluding*] the papers provided to the board for that meeting[21]), which the directors have advised us are complete; and

(b) read the [*insert date of latest*] unaudited management accounts for the [] months ended [] (the "[*Month, this year*] management accounts") (which the directors have advised us are the most recent management accounts available) and the corresponding unaudited management accounts from the previous year (the "[*Month, last year*] management accounts").

Our objective in reading the documents referred to in Paragraphs (a) and (b) above is to identify those matters which, in our view, might, prima facie, be expected to impact the figures and ratios set out in Paragraph (3) below. In the case of the minutes referred to in Paragraph (1) (a) above, our objective is also to identify such matters in those minutes from which it is evident without further enquiry that the events reported or decisions of the Board will be given accounting recognition [in accordance with *state applicable professional guidance*[22]*]* in the next published financial statements of the Issuer following the date of this letter (being matters that will be disclosed under Paragraph (5) (c) below).

(2) We have made enquiries of *[give name and positions of directors, managers and other staff of the Issuer with responsibility for financial and accounting matters to whom enquiries were addressed]* (the "Persons Responsible for Financial and Accounting Matters") as to whether:

(a) those matters identified by us in the course of the work undertaken pursuant to Paragraph (1) above have been reflected in the [*month, this year*] management accounts upon which the figures and ratios referred to in Paragraph (3) below are based; and

(b) the [*Month, this year*] management accounts have been prepared and presented on a basis consistent with the accounting policies normally adopted by the Issuer and applied in preparing the *[insert date of latest*] audited accounts.

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(3) We have compared the amounts shown in Appendix 3 prepared by management of the Issuer, (the "Schedule"), relating to [*[items to be agreed*[23]*] [for example turnover, profit on ordinary activities before taxation, net interest expense, depreciation of fixed assets, share capital, shareholders' funds, borrowings due after more than one year ("long-term debt"), net current assets, total current assets and total current liabilities*] to the [*month, this year*] management accounts, [*month, last year*] management accounts or [*insert date of latest*] audited accounts as appropriate and found them to be in agreement. We have recomputed the ratios set out in the schedule on the bases set out therein and found them to be correctly calculated.]

(4) The procedures described above do not constitute an audit or review made in accordance with any generally accepted auditing standards. Nor do they provide any assurance that the [*month, this year*] management accounts have been prepared on a basis consistent with the [*month, last year*] management accounts, that such management accounts have been prepared in a reliable manner or that either have been prepared on a basis consistent with the [*insert date of latest*] audited accounts. Consequently, our procedures would not necessarily reveal matters of significance with respect to the comments made in the following Paragraphs and we make no representations as to the sufficiency for your purposes of any such procedures.

(5) Solely on the basis of the foregoing procedures we noted and draw to your attention:

(a) *[Insert findings in relation to the matters referred to in Paragraph (3) above which are germane to the conclusion in Paragraph (6) below;]*

(b) *[Insert changes, if any, identified in the basis of preparing or presenting the accounts reviewed or, if there are none, state this; and]*

(c) *[Insert matters revealed by the minutes of the Issuer from which it is evident without further enquiry that the events reported or decisions of the Board will be given accounting recognition [in accordance with the applicable professional guidance referred to in the final Paragraph of Paragraph (1)] in the next published financial statements of the Issuer following the date of this letter or, if there are none, state this.]*

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(6) *[Except for the matter(s) detailed in Paragraph (5) above]*, [N/n]othing came to our attention as a result of the foregoing procedures that caused us to believe that:

(a) at [*insert date of latest management accounts*] there were any decreases in the *[share capital, shareholders' funds, net current assets or total current assets]* or increase in *[long-term debt or total current liabilities]* of the Issuer compared with the corresponding figures in the [*insert date of latest*] audited financial statements; and

(b) in the period from [*insert date of first day after end of last audited financial statements*] to [*date of latest management accounts*] there was any decrease in *[turnover, profit on ordinary activities before taxation]* or increase in *[net interest expense, depreciation of fixed assets]*, compared to the corresponding period in the preceding year as shown in the [*month, last year*] management accounts.

(7) Since the Directors have advised us that no financial statements have been prepared up to any date subsequent to [*insert date of latest management accounts*], the procedures carried out by us with respect to changes in financial statement items after [*insert date of latest management accounts*] have of necessity been even more limited than those carried out for the period up to that date. Up to the cut off date, we have made enquiries of the Persons Responsible for Financial and Accounting Matters identified in Paragraph (2) above as to:

(a) whether there has been any decrease in [*share capital, net current assets or net assets [[same items as in Paragraph (6)]*] or increase in [*long term debt [same items as in Paragraph (6)]*] at the cut off date as compared with the amounts shown in the [*insert date of latest*] audited financial statements of the Issuer; and

(b) whether for the period from [*insert date of first day after end of last audited financial statements*] up to the cut off date there have been any decreases in [*[turnover, profit on ordinary activities before taxation [same items as in Paragraph (6)]*] as compared with the corresponding period in the preceding year.

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The Persons Responsible for Financial and Accounting Matters identified in Paragraph (2) above confirmed that *[, save for the matters set out in Paragraph (5) above and save for [ ],*] they were not aware of any such increase in [*specify items*] or decreases in any of the other items in Paragraph (7) (a) or (b) above. On the basis of the responses to these enquiries and our reading of the minutes as described in Paragraph (1) above, nothing has come to our attention which causes us to believe that *[, save for the matters set out in Paragraph (5)(a) above,*] there has been any such increase or decrease.

Contingent Liabilities attributable to financial instruments

In relation to contingent liabilities attributable to financial instruments only (hereinafter "Contingent Liabilities"), in addition to reading the minutes of meetings and unaudited management accounts described in each case in Paragraph 1(a) and (b) of this letter, we have:

(a) read a schedule of Contingent Liabilities contained in Appendix 4 prepared by management of the Issuer setting out any Contingent Liabilities existing at the cut-off date which, in their view, would be expected to be disclosed pursuant to [*applicable professional guidance*] [24] in any published financial statements of the Issuer were they to be prepared at the cut off date; and

(b) made enquiries of the Persons Responsible for Financial and Accounting Matters as to whether they are aware of any other Contingent Liabilities which, in their view would be expected to be disclosed pursuant to [*applicable professional standard referred to in Paragraph (a) above*] in any published financial statements of the Issuer were they to be prepared at the cut off date.

In reading the documents referred to in Paragraphs (1) (a) and (b) above we considered whether there were any matters set out therein which it is evident without further enquiry are Contingent Liabilities and compared our findings to the schedule prepared by management of the Issuer referred to above.

[Insert any Contingent Liabilities which are revealed by the procedures and the enquiries set out above and which have been omitted from the schedule

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of Contingent Liabilities prepared by management of the Issuer pursuant to Paragraph (a) above.]

General

Any opinions expressed on financial information outside the context of the Arrangement Letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of the Arrangement Letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer. Save as may be expressly recorded in this letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

This letter should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any jurisdiction other than the [*appropriate professional standard - in the United Kingdom, the Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom*].

Our work did not extend to the period from the cut off date to the date of this letter.

This comfort letter may only be relied upon in respect of the matters to which it refers and as of its date. In relying upon this comfort letter, you agree (save as otherwise expressly agreed in the Arrangement Letter) that we have no responsibility to and we will not perform any work subsequent to the date of this comfort letter nor to consider, monitor, communicate or report any events or circumstances which may occur or may come to light subsequent to the date of this letter.

This letter is not issued in accordance with the provisions of the American Institute of Certified Public Accountants, Statement on Auditing Standards No 72, “Letters for Underwriters and Certain Other Requesting Parties”, as that standard is not required for such letters issued under [*appropriate professional body*] auditing standards. This letter is not intended to be relied on in the United States and we accept no responsibility for any use that

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you may make of it in the United States. Subject always to the previous sentence, it may be disclosed, referred to and/or produced as provided for in paragraph 11 of the Arrangement Letter.

Yours faithfully

APPENDIX 1

Offering Circular

APPENDIX 2

Arrangement Letter

APPENDIX 3

Schedule of Changes prepared by Management[25]

APPENDIX 4

Schedule of Contingent Liabilities prepared by Management

Notes

[1] If the bond issue is guaranteed, separate arrangement letters may be necessary for the Issuer and the Guarantor or amendments will need to be made throughout the arrangement letter and the comfort letter to refer to the Guarantor as well as the Issuer. In the event of any other support or keepwell arrangements, the parties may agree that a separate arrangement letter may be necessary in respect of the entity providing such support.

[2] Where the bonds will be listed on a Stock Exchange, the name of the relevant exchange should be inserted. It is understood that this form of arrangement letter may be used in the case of unlisted bond issues for which an Offering Circular or Information Memorandum is available.

[3] Verification in this context involves seeking internal or external evidence to corroborate the information provided to the accountants pursuant to

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the procedures agreed upon in the Arrangement Letter, for example, by checking data to source documentation or other internal material and/or seeking independent evidence or confirmation from sources external to or from third parties unconnected with either the Issuer or its Group. Verification does not imply any review of the reliability of the source documentation or other material.

[4] It is acknowledged that the accountants may be asked to read and comment upon references to US or other GAAP in the Offering Circular or, subject to agreement of terms, provide other services in connection with the financial information contained in the Offering Circular.

[5] The first draft of the arrangement letter will include the form of comfort letter in Appendix 3. The final arrangement letter will include these sentences if it predates the issuance of the comfort letter. If the arrangement letter and the comfort letter are signed contemporaneously, these sentences will be omitted.

[6] If specific procedures and appropriate terms (e.g. as to timing) are agreed between all parties, the accountants may undertake additional work (for example in relation to the Issuer's current overall financial position).

[7] This clause is not intended to preclude either (1) existing audited accounts from being incorporated by reference, or (2) reference being made in the Offering Circular to the fact that the accounts have been audited and have received an unqualified opinion.

[8] Where the inclusion of an auditors' report in the Offering Circular, and the auditors' consent to such inclusion, is agreed between the parties to the arrangement letter or is required by law or regulation, the auditors will prepare and expect to issue a letter giving their consent to the inclusion in the Offering Circular of that audit report, the references to it and to their name in the form and context in which they are included [*and, where the issue is to be London listed, their authorisation of the contents of their report for the purpose of Regulation 6(1)(e) of The Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001*].

[9] If specific matters are discussed which the Managers wish to be able to rely upon in accordance with this arrangement letter, the Issuer and the Lead Manager should arrange for them to be confirmed in writing by

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the accountants. If the accountants are willing to confirm such matters in writing, further work and an extension of the terms of arrangement are likely to be required.

[10] It may not be appropriate to include this sentence if the arrangement letter is signed contemporaneously with the comfort letter.

[11] The law of the Subscription Agreement governs relations between the Managers and the Issuer. Where the law governing the Subscription Agreement is not the law of a country with developed jurisprudence in international financial transactions, the parties will agree on a suitable alternative law to govern the relations between them established by this letter.

[12] It is not intended that such standard terms and conditions should in any way detract from the nature of the relationship between the parties as set out in paragraphs 6 to 9 inclusive of, or the work to be undertaken pursuant to, this letter. It is acknowledged that the agreement by Managers to any provision that limits an accounting firm's liability will not, by itself, be regarded as altering current market practice in relation to such matters. It is envisaged that particular provisions of the standard terms and conditions will apply to the Managers. The accounting firms expect to include clauses tailored to the circumstances addressing, in so far as they are not addressed in the relevant firm's standard terms and conditions, such matters as, in the case of terms applicable only to the Issuer, the representations to be given by directors of the Issuer and any indemnity to be given by the Issuer and, as regards both the Issuer and the Managers, arrangements for updating the comfort letter, force majeure, and in some jurisdictions certain professional requirements of the relevant local professional bodies.

[13] The legal name of each manager should be specified.

[14] In the case of a change in the identity of a Manager, the procedure set out in Paragraph 4 of this letter must be complied with.

[15] If the bond is guaranteed, separate arrangement letters may be necessary for the Issuer and the Guarantor or amendments will need to be made throughout the comfort letter to refer to the Guarantor as well as to the Issuer. In the event of any other support or keepwell arrangements, the

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parties may agree that a separate arrangement letter may be necessary in respect of the entity providing such support.

[16] The method of identification shall be agreed between the parties.

[17] These procedures are illustrative only.

[18] It will not normally be possible to confirm the accurate extraction of information relating to contingent liabilities from unaudited interim results because they are not normally disclosed therein.

[19] Where the procedures relating to Changes in Financial Position and Contingent Liabilities (set out in the following section) indicate that there has been substantial debt incurred or repaid or there have been significant changes in the share capital of the Issuer or a contingent liability has been incurred since the date of the latest published annual or interim financial statements (as the case may be), disclosure of those matters in a footnote to the Capitalisation and Indebtedness Table may be necessary. The accountants would normally agree to extend the procedures to confirm these transactions to the extent that relevant information is available in the Issuer's accounting records.

[20] If the change in capitalisation or indebtedness (other than contingent liabilities) is such that the Capitalisation and Indebtedness Table is required to be prepared as at a date more recent than the last published annual or interim financial statements, on appropriate terms and provided sufficient time is available, the accountants may agree to conduct a review in accordance with the standards and guidance issued by the relevant professional body. The work that the accountants would undertake in relation to contingent liabilities attributable to financial instruments will be limited to that described below under the heading "Contingent Liabilities attributable to financial instruments".

[21] Where practicable, on appropriate terms and provided sufficient time is available, the accountants may agree to review the papers provided to the board at board meetings.

[22] In the United Kingdom, this would be Paragraph 20 of Financial Reporting Standard No 3, which states that the following items, including provisions in respect of such items, should be shown separately on the

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face of the profit and loss account after operating profit and before interest, and included under the appropriate heading of continuing or discontinued operations:

(a) profits or losses on the sale or termination of an operation;

(b) costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the reporting entity's operations; and

(c) profits or losses on the disposal of fixed assets.

In calculating the profit or loss in respect of the above items consideration should only be given to revenue and costs directly related to the items in question.

Where an equivalent standard or regulation exists in a particular country, that standard will apply. In other circumstances, that Paragraph 20 of Financial Reporting Standard No 3 would ordinarily be applied in other countries.

[23] Consideration should be given to any special items having regard to the Issuer's business to be included in the list of financial measures which the accountants would ordinarily consider and on which they would report to the Managers in accordance with the terms of this arrangement letter.

[24] In the United Kingdom, Financial Reporting Standard 12, which requires a contingent liability to be disclosed unless a transfer of economic benefits is remote. For these purposes, a contingent liability is defined as:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that a transfer of economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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In other jurisdictions, contingent liability will be defined by reference to International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets".

The work on contingent liabilities will ordinarily only be considered by the accountants where the Issuer has a responsibility under the relevant listing rules to provide a statement in the Offering Circular in respect of contingent liabilities.

[25] This would be the Schedule prepared by management of the Issuer, which is referred to in paragraph (3) of the comfort letter. It would contain the items to be agreed pursuant to paragraph (3) and footnote 23 of the comfort letter as of the date of the relevant management accounts for this financial year, the date of the relevant management accounts for the last financial year and the change and percentage change in these items.

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VII

Standard Form Stabilising Agent Appointment Letter – IPMA Agency Terms

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STANDARD FORM STABILISING AGENT APPOINTMENT LETTER – IPMA AGENCY TERMS

The IPMA standard form letter in the attached Appendix can be used by Stabilising Managers to appoint Stabilising Agents for the purposes of the Price Stabilising Rules issued by the UK Financial Services Authority.

If the Stabilising Manager uses the Bookrunner System, the Bookrunner invitation should state: *Stabilising Agent: [name(s) of Agent(s)] on IPMA Agency terms*, either in the "Stabilisation" field, or under "Additional Information". By accepting the Bookrunner invitation, the Stabilising Agent will be deemed also to have accepted its appointment as Stabilising Agent, unless it specifically states that it does not accept the appointment.

If Stabilising Agents are not appointed through the Bookrunner System, the appointment letter, or other form of appointment, can say that the appointment is on the terms set out in the IPMA Agency Terms.

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

[On the Letterhead of Stabilising Manager]

Stabilising Agent Appointment Letter

[STABILISING AGENT]
[ADDRESS OF STABILISING AGENT]
(the "Stabilising Agent")
[DATE]
Attention: [•]

Dear Sirs

[ISSUER]
[CURRENCY][PRINCIPAL AMOUNT][COUPON] per cent Bonds due [MATURITY] (the "Securities")

1. We are writing to confirm the arrangements for your appointment by *[name of Stabilising Manager]* (the "**Stabilising Manager**") as a stabilising agent for the purposes of the Price Stabilising Rules (the "**Price Stabilising Rules**") issued by the Financial Services Authority of the United Kingdom ("**FSA**"), in connection with the stabilisation of the issue of the Securities, in accordance with all applicable laws and regulations, including the Price Stabilising Rules.

2. The Stabilising Agent represents and agrees that:

2.1 it shall comply with all applicable laws and regulations in the conduct of stabilising activities as agent for the Stabilising Manager,

2.2 it is aware of the requirements of the Price Stabilising Rules,

2.3 it shall record all purchases made for the purposes of stabilisation to a designated stabilisation account on its books and keep all other records required by FSA's rules or the rules of each other authority having jurisdiction over its stabilising activities,

2.4 it shall make such record available in English to the Stabilising Manager and (if so required) the Stabilising Manager's competent authority (or other regulator having jurisdiction over its stabilising activities), where the Price Stabilising Rules apply, by close of business (London time) on the London business day following

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the date of receipt of a written request, and where they do not, in accordance with applicable law and regulation. It is, however, agreed that the Stabilising Agent may limit the disclosure of the identity of its trading counterparties to a unique identifiable code or mnemonic if permitted at such time by the relevant competent authority or other regulator. It is further agreed that the Stabilising Agent will not be required to disclose the identity of its trading counterparties to the Stabilising Manager unless such information has been requested by the relevant competent authority or other regulator or is otherwise reasonably necessary in order for the Stabilising Manager to comply with its regulatory obligations,

2.5 it shall maintain such record for a minimum of three years (as required by the Price Stabilising Rules issued by the FSA) (or such longer period as shall be required by applicable law or regulation) from the end of the stabilising period and

2.6 it shall indemnify the Stabilising Manager for any liability, including legal fees, incurred by the Stabilising Manager in respect of any claim or proceeding which is asserted or commenced by any party (including any governmental or regulatory body) in connection with or arising out of a breach or alleged breach by the Stabilising Agent of any of its obligations under the foregoing sub-paragraphs 2.1 to 2.5 or any act or omission or alleged act or omission beyond the terms of the Stabilising Agent's authority as agent, whether such liability shall be the result of a judgment of a competent court or tribunal or of any settlement agreed (subject to the Stabilising Agent's prior written consent) by the Stabilising Manager.

3. This letter shall be governed by English law.

4. Would you please confirm your agreement to your appointment and to the terms of this letter by signing below and returning it to us.

Yours faithfully

[STABILISING MANAGER]

By:

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IPMA HANDBOOK ARCHIVE : Snapshot OCTOBER 2004

We confirm our agreement to our appointment as a Stabilising Agent in connection with the issue of the Securities in accordance with the terms of this letter.

Yours faithfully

[STABILISING AGENT]

By:

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VIII

Standard Collective Action Clauses (CACs) for the Terms and Conditions of Sovereign Notes

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VIII

STANDARD COLLECTIVE ACTION CLAUSES (CACs) FOR THE TERMS AND CONDITIONS OF SOVEREIGN NOTES

ENGLISH LAW, FISCAL AGENT STRUCTURE

[•] MEETINGS OF NOTEHOLDERS; WRITTEN RESOLUTIONS

(a) Convening Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the provisions of the Fiscal Agency Agreement. Such a meeting may be convened by the Issuer or the Fiscal Agent and shall be convened by the Issuer or the Fiscal Agent at any time upon the request in writing of holders of at least 10 per cent of the aggregate principal amount of the outstanding Notes.

(b) Quorum

The quorum at any meeting of Noteholders convened to vote on an Extraordinary Resolution will be:

(i) one or more persons present and holding or representing at least 50 per cent of the aggregate principal amount of the outstanding Notes; or

(ii) where a meeting is adjourned and rescheduled owing to a lack of quorum, at any rescheduled meeting of Noteholders, one or more persons present and holding or representing at least 25 per cent of the aggregate principal amount of the outstanding Notes;

provided, however, that any proposals relating to a Reserved Matter may only be approved by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons present and holding or representing at least 75 per cent of the aggregate principal amount of the outstanding Notes form a quorum.

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(c) Reserved Matters

In these Conditions, "**Reserved Matter**" means, subject as provided in paragraph (d) *(Matters requiring unanimity)*, any proposal:

(i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, the definition of "Extraordinary Resolution", the definition of "outstanding" or the definition of "Written Resolution";

(v) to change or waive the provisions of the Notes set out in Condition [•] *(Status)* [or other specified substantive covenants as appropriate, to be determined on a case-by-case basis]; or

(vi) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition [•] *(Events of Default)*.

(d) Matters requiring unanimity: Any proposal:

(i) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, the Issuer's obligation to maintain an agent for service of process in England or

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the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition [•] *(Governing Law and Jurisdiction)*;

(ii) to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the holders of Notes which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount; or

(iii) to modify the provisions of this paragraph (d) *(Matters requiring unanimity)*,

may only be given effect with the consent of the holders of all of the outstanding Notes.

(e) Modifications

Subject as provided in paragraph (d) *(Matters requiring unanimity),* any modification of any provision of these Conditions may be made if approved by an Extraordinary Resolution or a Written Resolution. In these Conditions, "**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least:

(i) in the case of a Reserved Matter, 75 per cent of the aggregate principal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, 66 2/3 per cent of the aggregate principal amount of the outstanding Notes which are represented at that meeting.

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Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and whether they voted in favour or not, and all Couponholders.

(f) Written resolutions

In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. A "**Written Resolution**" is a resolution in writing signed by or on behalf of the holders of at least 75 per cent of the aggregate principal amount of the outstanding Notes, in the case of a Reserved Matter, or 66 2/3 per cent of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter. Any Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Any Written Resolution shall be binding on all of the Noteholders, whether or not signed by them, and on all Couponholders.

(g) Manifest error, etc.

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(h) Notes controlled by the Issuer

For the purposes of (i) ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution, (ii) this Condition [•] *(Meetings of Noteholders; Written Resolutions)* and Schedule [•] *(Meetings of Noteholders)* to the Fiscal Agency Agreement, (iii) Condition [•] *(Noteholders' Committee)* and (iv) Condition [•] *(Events of Default)*, those Notes (if any) which are held in circumstances where the Issuer has the power to direct the casting of votes in respect of such Notes, whether directly or indirectly, shall (unless and until ceasing to be so held) be disregarded and be deemed not to remain outstanding. Without prejudice to the generality of the previous sentence, the Issuer shall be deemed to have the power to direct the casting of votes in respect of a Note if the Note is held by or on behalf of the Issuer or by or

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on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer, where:

(i) "**public sector instrumentality**" means *[insert name of central bank [and any other governmental agency which it is desirable to mention]]*, any [other] department, ministry or agency of the government of *[insert name of country]* or any corporation, trust, financial institution or other entity owned or controlled by the government of *[insert name of country]*; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

In advance of any meeting of Noteholders or Written Resolution the Issuer shall provide to the Fiscal Agent a certificate of the Issuer setting out the total number of Notes which are held in circumstances where the Issuer has at the date of such certificate the power to direct the casting of votes in respect of such Notes. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

[•] NOTEHOLDERS' COMMITTEE

(a) Appointment

The Noteholders may, by a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 50 per cent in aggregate principal amount of the Notes then outstanding, or by notice in writing to the Issuer (with a copy to the Fiscal Agent) signed by or on behalf of the holders of at least 50 per cent in aggregate principal amount of the Notes then outstanding, appoint any person or persons as a committee to represent the interests of the Noteholders if any of the following events has occurred:

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(i) an Event of Default;

(ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition [•] *(Events of Default)* become an Event of Default; or

(iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a restructuring of the Notes (whether by amendment, exchange offer or otherwise),

provided, however, that no such appointment shall be effective if the holders of more than 25 per cent of the aggregate principal amount of the outstanding Notes have either (A) objected to such appointment by notice in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be either 30 days or such other longer or shorter period as the committee may, acting in good faith, determine to be appropriate in the circumstances, or (B) voted against such resolution at a meeting of Noteholders duly convened and held in accordance with the Fiscal Agency Agreement. Such committee shall, if appointed by notice in writing to the Issuer, give notice of its appointment to all Noteholders in accordance with Condition [•] *(Notices)* as soon as practicable after the notice is delivered to the Issuer.

(b) Powers

Such committee in its discretion may, among other things, (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders, (ii) adopt such rules as it considers appropriate regarding its proceedings, (iii) enter into discussions with the Issuer and/or other creditors of the Issuer, (iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer, (v) determine whether or not there is an actual or potential conflict of interest between the interests of the holders of the Notes then outstanding and the interests of the holders of debt securities of any one or more other series issued by the Issuer and (vi) upon making a determination of the absence of any actual or potential conflict of interest between the interests of the holders of the Notes then outstanding and the interests of the holders of debt securities of any one or more other series

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issued by the Issuer, agree to transact business at a combined meeting of the committee and such other person or persons as may have been duly appointed as representatives of the holders of securities of each such other series. Except to the extent provided in this paragraph (b) (Powers), such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise. The Issuer shall pay any fees and expenses which are reasonably incurred by any such committee or any such combined committee (including, without limitation, the costs of giving notices to Noteholders, fees and expenses of the committee's legal advisers and financial advisers, if any) within 30 days of the delivery to the Issuer of a reasonably detailed invoice and supporting documentation.

[•] EVENTS OF DEFAULT

(a) Declaration of Acceleration

If any of the following events (each an "**Event of Default**") occurs and is continuing:

[Insert Events of Default]

then the holders of at least 25 per cent in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

(b) Withdrawal of Declaration of Acceleration

If the Issuer receives notice in writing from holders of at least 50 per cent in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice

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(whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

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INTERNATIONAL PRIMARY MARKET ASSOCIATION

SECTION EIGHT

IPMA GUIDANCE NOTES / PRESS STATEMENTS

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IPMA GUIDANCE NOTES / PRESS STATEMENTS
GUIDANCE NOTE 1

PRINTING DEFINITIVE CERTIFICATES

The Legal & Documentation Committee have considered a number of representations to the effect that, in certain types of issues designed for retail investors, there is sometimes unsatisfied demand for definitive certificates in smaller denominations.

The Committee would therefore urge Members to endeavour for retail issues to produce a sufficiently large number of definitive certificates in sufficiently small denominations to meet the anticipated requirements of investors. Members will of course appreciate that, in issues expected to be of particular interest to the retail sector, a greater number of definitive certificates in smaller denominations will be needed by the market.

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GUIDANCE NOTE 2

DISCLOSURE OF SIDE ARRANGEMENTS IN THE CONTEXT OF FORCE MAJEURE

Legal considerations may require disclosure of certain side arrangements which:

(a) give the Lead Manager a conflict of interest, even if they do not strictly impact on the way the force majeure clause operates; and

(b) relate to the way in which the force majeure clause would operate.

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GUIDANCE NOTE 3

FUNGIBLE ISSUES: RECOMMENDATION 1.12.2

Generally, the IPMA Recommendations govern the relationship between the Lead Manager and the rest of the syndicate and – at the point where the Lead Manager invites firms to join a syndicate – the Recommendations look at future events.

However, Recommendation 1.12.2 looks at a prior event – an issue previously launched by what could have been a completely different syndicate. To dis-apply Recommendation 1.12.2 would in practice have a retrospective effect.

Recommendation 1.12.2 is not intended to be capable of dis-application.

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GUIDANCE NOTE 4

DUE DILIGENCE

Lead Managers should consider carefully the appropriate level of due diligence to be performed in the context of each issue.

It is impossible to prescribe whether or what due diligence procedures would be appropriate in the circumstances of each issue, and procedures will vary greatly from issue to issue (depending, for example, on the type of securities being issued, the rights attached to those securities and the nature of the issuer and its business).

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GUIDANCE NOTE 5

LIMITED PAYMENT OBLIGATIONS

Any limitation on the payment obligations of an issuer or any guarantor is material information for investors. For example, the limitation may be triggered when government action prevents payment in the currency in which the issue is denominated and the consequence is that the holder of the securities has no right to accelerate the issue by calling a default. Payment in the original currency of the issue (together with accrued interest to the date of payment) would not be made until the government authorities permit such payment to be made. Until then, the holder has no right to sue for the unpaid sum. In another example, the guarantee may be conditional upon the holder pursuing its claims against the issuer before claiming against the guarantor, or subject to a monetary limit which may not be sufficient to cover all payments which might be due under the terms of the securities.

This Guidance Note is a reminder that under Recommendation 1.1 and Appendix B (I), early disclosure should be made if any issue or guarantee contains unusual terms. In addition, Recommendation 1.1 requires disclosure of the "basic commercial terms" of an issue.

Careful consideration should be given as to how such disclosure is made. Clearly, in accordance with existing Recommendations, it should be made to co-managers when they are invited to participate in the issue. Disclosure should also be made prominently in the documentation for the issue (particularly in the invitation to managers and any draft or final prospectus). Members should also consider whether an indication of the existence of the limitation should be included in the title to the issue. Without such disclosure, participants in the secondary market (who may not see the documentation for the original issue) may be misled as to the nature of the securities they are buying.

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GUIDANCE NOTE 6

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GUIDANCE NOTE 7

DEBT PROGRAMMES: IMPORTANCE OF ACCURATE, COMPLETE AND CURRENT INFORMATION IN LISTING PARTICULARS / PROSPECTUS

An issuer who relies on the current prospectus for a Debt Programme, to enable it to fulfil its legal disclosure obligations without the need to prepare a fresh prospectus or supplement for each issue under the Programme, should be aware that it has a legal responsibility to ensure, in the context of each issue under the programme, that the information in such prospectus is correct and complete and that it is not misleading.

For example, the issuer has a duty, under any law based on the EC Listing Particulars Directive, to ensure that the listing particulars contain information which is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer and of the rights attaching to the securities to be issued.

In addition, every significant new factor capable of affecting the assessment of the securities arising between the date of the listing particulars (or any supplement to them) and the time when listing is granted must be disclosed in supplementary listing particulars.

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GUIDANCE NOTE 8

PROVISION OF MATERIAL INFORMATION TO CLEARSTREAM BANKING AND EUROCLEAR

(When they are the Primary Depositaries and Clearers)

1. Lead Managers should as soon as practicable provide to both Clearstream Banking S.A. and Euroclear Bank S.A./N.V. copies of the pertinent final documentation for each issue, including, but not limited to, the invitation telex, prospectus, fiscal agency agreement/trust deed and similar relevant documents according to the type of issue. Such documentation should be sent to each of Clearstream and Euroclear and addressed, in each case, to their New Issues Department.

2. Lead Managers should as soon as practicable specifically draw to the attention of Clearstream and Euroclear any unusual, innovative or non-standard terms or features of a proposed issue which may affect Clearstream's and/or Euroclear's clearance or custody roles, so that the impact of any such terms on the clearance systems can be reviewed by them in advance. In this context, it should be noted that the mere issuance of a clearance code does not mean the issue has been accepted in the system for clearance by either Clearstream or Euroclear.

3. The provisions governing the way in which notice is to be given to holders of securities during the life of the issue should also specifically provide for notice in writing to be given to the clearing systems and, where required, to the press and the stock exchange on which the issue is listed.

Note

If the primary depositary and clearer is not Clearstream Banking/ Euroclear, special treatment of Clearstream/Euroclear could be regarded as discrimination against other clearing systems (e.g. ÖKB) having a(an) (in)direct link with the primary clearer. Clearstream/Euroclear could in such cases rely on being provided with information from the primary depositary/clearer.

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GUIDANCE NOTE 9

REVERSE ENQUIRIES IN MEDIUM TERM NOTE PROGRAMMES

Issuers are encouraged to make arrangements to ensure that banks and securities firms which are not parties to the programme agreement are able to obtain copies of programme documentation quickly to facilitate reverse enquiries. If no such specific arrangements have been made, requests for programme documentation should be addressed to the issuer in the first instance.

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GUIDANCE NOTE 10

HIGHLIGHTING CHANGES IN MEDIUM TERM NOTE PROGRAMMES

When a programme is being updated, the arranger should arrange for drafts of the documentation to be marked to show changes from the existing programme documentation.

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GUIDANCE NOTE 11

LEGAL OPINIONS FOR MEDIUM TERM NOTE PROGRAMMES

Lead Managers/dealers for issues and drawdowns made under a medium term note programme should be aware that the legal opinion(s) delivered on the signing or update of the programme documentation may not cover specific issuances under the programme, including the subscription agreement, if any, or the enforceability or validity of the particular issue of securities.

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GUIDANCE NOTE 12

DISCLOSURE OF RATINGS IN CONNECTION WITH MEDIUM TERM NOTE PROGRAMMES

Disclosure of ratings in the offering circular for a medium term note programme is generally not desirable as the offering circular would no longer be accurate if an issuer's/guarantor's debt ratings change and such ratings may not be accurate for a particular tranche of notes. In addition, rating information is available to market participants and investors from the rating agencies and other widely used sources.

If ratings are included in the offering circular, the language should accurately distinguish between types of debt (such as senior/subordinated debt, short term/long term debt) that may be issued under a programme. It should also refer to the possibility that tranches of notes under a programme and/or certain categories of debt of the issuer/guarantor are not rated or may be given a rating other than that referred to in the offering circular.

Market participants should be aware that following a request from an issuer, rating agencies generally assign individual ratings to a tranche of notes. Such ratings may be different from the ratings assigned to a programme or notes as set out in the offering circular, or may be provisional and never formally assigned because the issuer fails to take certain action required by the rating agency.

If ratings are included in the offering circular, market participants should consider with issuers whether to include language in the offering circular to point out the potential inaccuracy of those ratings for any particular tranche of notes. Market participants should also consider with issuers if and how to disclose individual ratings for a tranche of notes based on relevant stock exchange requirements, legal and regulatory advice and market practice. However, the offering circular should not oblige market participants to do so.

If ratings are included in the offering circular, a change in such ratings (as they relate to the issuer's/guarantor's debt generally) should generally result in a supplemental or new offering circular in accordance with any

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relevant stock exchange or legal or regulatory requirements and the need for accuracy in offering circulars.

Any reference to ratings included in the offering circular may use language comparable to the following:

The Programme [or the notes [set out specific categories of debt] issued under the Programme] has [have] been rated xxx [include relevant [senior/ subordinated, short term/long term] ratings] by [include names of rating agencies]. Tranches of notes issued under the Programme may be rated or unrated. Where a tranche of notes is rated, such rating will not necessarily be the same as the rating[s] assigned to the Programme [notes]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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GUIDANCE NOTE 13

AUTHORISATION OF NOTES AND GUARANTEES ISSUED UNDER MEDIUM TERM NOTE PROGRAMMES

When a Medium Term Note programme is established or updated, care should be taken to avoid the need for a new, specific authorisation at board (or similar) level to be given at the time of each individual tranche of notes and any related guarantees. The need for such authorisation is usually inconsistent with the relatively short timetable for such issues.

Where such board level authorisation is required for each individual tranche of notes or related guarantee, that fact should be noted in the offering circular and the form of pricing supplement for the programme should contain a field indicating whether such authorisation for the notes and related guarantee is in place, for instance:

Date [Board] Approval for issuance of Notes [and Guarantee] obtained: [ ] [and guarantee [ ]]

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GUIDANCE NOTE 14

This Guidance Note has been moved to
IPMA Standard Documentation IV Annex B

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GUIDANCE NOTE 15

DMO CALCULATION TO BE USED FOR TERMINATION CALCULATION IN STERLING BOND ISSUES

The IPMA Market Practices Committee has recently been asked to consider what is the appropriate mechanism for determining the redemption yield on a sterling-denominated eurobond. The Committee takes the view that it is as set out in the United Kingdom Debt Management Office (DMO) in the paper "Formulae for Calculating Gilt Prices from Yields", page 4 Section One: Price/Yield Formulae: Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-coupon Date" (published 8/6/1998). The IPMA Legal & Documentation Committee supports this view.

The reasoning behind this approach is that sterling issues are usually priced off gilts and fewer mismatches will generally be created if the gilts approach is mirrored more fully. A different approach may still be appropriate in particular cases, for instance in structured transactions.

The approaches previously used, such as the Spens clause, are no longer recommended unless there are specific reasons.

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GUIDANCE NOTE 16

INFORMATION CLAUSES IN SOVEREIGN DEBT ISSUES

If debt issues of sovereign issuers are to include financial and other information covenants, the following clause may be considered as a model which can be included in the terms and conditions.

For the purpose of this Guidance Note, 'sovereign' includes Central Banks, but does not include 'sub-sovereign' issuers, such as regional and local authorities and municipalities, or sovereign-guaranteed issuers.

MODEL CLAUSE ON FINANCIAL AND OTHER INFORMATION

(a) SDDS Reporting

So long as any of the Notes remains outstanding, the Issuer shall maintain its subscription to and fully comply with the SDDS[; provided, however, that, if the Issuer does not, at the date of issuance of the Notes, subscribe to the SDDS, then it shall subscribe to and fully comply with the SDDS no later than *[third anniversary of the Issue Date]*].

For these purposes:

(i) "**SDDS**" means the Special Data Dissemination Standard established by the International Monetary Fund as in effect from time to time; and

(ii) any matter which the SDDS specifies as being encouraged (rather than mandatory) shall be regarded as being mandatory.

(b) Rolling 12 Month Forecasts

So long as any of the Notes remains outstanding, the Issuer shall prepare and publish (in the same manner in which data required under the SDDS needs to be published), no later than [10] business days after each Quarter Day in each year, the following:

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(i) a 12 month projection (prepared as from such Quarter Day) in respect of each of those aspects of the central government budget which are required to be produced on an actual basis under the SDDS; and

(ii) a 12 month projection (prepared as from such Quarter Day) in respect of each of the inflation figures which are required to be produced on an actual basis under the SDDS;

provided, however, that, if the Issuer does not, at the date of issuance of the Notes, subscribe to the SDDS, then the above-mentioned projections shall be required as from the earlier of (x) the first Quarter Day to fall after the Issuer does subscribe to the SDDS and (y) the first Quarter Day to fall after *[third anniversary of the Issue Date]*.

For these purposes "**Quarter Day**" means, in relation to a year, 31 March, 30 June, 30 September and 31 December of that year.

(c) Other Information

So long as any of the Notes remains outstanding, the Issuer shall provide the following information in reasonable detail no later than [10] business days after agreement on the applicable arrangements (or in the case of paragraph (v) below, no later than [10] business days after the request from the Fiscal Agent), namely:

(i) the terms of any agreed minute, procés verbal or other similar record of agreed Paris Club arrangements relating to any indebtedness (whether by way of guarantee or otherwise) of the Issuer or any of its agencies (and shall ensure that the stock of affected debt and applicable rescheduling terms are described);

(ii) the terms of any bilateral agreement entered into pursuant to a Paris Club arrangement relating to any indebtedness (whether by way of guarantee or otherwise) of the Issuer or any of its agencies (and shall ensure that the stock of affected debt, interest terms and other applicable rescheduling terms are described);

(iii) corresponding information to that described in (i) or (ii) above in relation to restructuring arrangements (whether by amendment, exchange offer or otherwise) relating to any indebtedness (whether by way of guarantee or otherwise) of the Issuer or any of its

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agencies with any other creditor or creditors not participating in Paris Club arrangements where the aggregate amount of affected indebtedness exceeds US$[ ] (or its equivalent in any other currency or currencies);

(iv) the terms of any standby, extended funds or similar facility settled between the Issuer, its government or any ministry of the Issuer and the International Monetary Fund (including a copy of any related technical memorandum); and

(v) such other information as the Fiscal Agent (acting at the instruction of holders of not less than 5 per cent of the aggregate principal amount of the outstanding Notes) may from time to time reasonably request.

All such information shall be provided to each of the Relevant Industry Bodies for publication on their respective websites. For these purposes, "**Relevant Industry Bodies**" means, the Emerging Markets Traders Association (EMTA), the Emerging Markets Creditors Association (EMCA) and the Institute of International Finance (IIF) and in each case includes any successor thereto.

(Additional language for Notices provision)

In addition, notices and other information required to be given to the Noteholders shall be given to the Relevant Industry Bodies for publication on their respective websites.

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PRESS STATEMENT 1

DISCLOSURE OF DISTRIBUTION

Following press discussion in 1989 of the application of Section 47 of the Financial Services Act 1986 to the primary market in Eurobonds, IPMA's Legal & Documentation Committee considered legal advice from leading firms of London solicitors.

A Press Statement was then released indicating that the Committee confirmed that there is no market practice in the Eurobond industry to disclose how much of a new issue has been distributed in the primary market. In these circumstances, the consensus of the legal advice was that there is no obligation to make such disclosure as a result of Section 47 but, if any statement is made, it must of course not be false or misleading.

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PRESS STATEMENT 2

JOINT STATEMENT
BY IPMA, ISMA, THE EUROCLEAR OPERATOR AND CEDEL

SEMI-PERMANENT GLOBAL NOTES

(When the Euroclear System and Cedel are the Primary Depositaries and Clearers)

Lead Managers should provide early disclosure of whether a new issue will be in permanent global, semi-permanent global or individual definitive form. When the issue is to be in semi-permanent global form and to clear through the Euroclear System and Cedel, then, in order to maximise the fungibility of the issue (for securities in bearer form that are held by a Common Depositary for the two clearance systems), the whole issue should be exchanged for individual definitive notes when an investor gives due notice that he or she wishes to hold his or her part of the issue in definitive form. This exchange should occur at no expense to the investor. The terms and conditions of the issue should clearly describe the exchange procedure, including the period of time in which the exchange will be performed. Issues represented by semi-permanent global notes that provide for partial exchanges into individual definitive notes at the request of an investor will no longer be accepted by the international clearance systems for all primary issues for which the payment date falls on or after 1 March 1995.

Lead Managers are reminded that IPMA Guidance Note 1 urges IPMA Members to endeavour for retail issues to produce a sufficiently large number of definitive certificates in sufficiently small denominations to meet the anticipated requirements of investors.

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PRESS STATEMENT 3

JOINT STATEMENT ON MARKET CONVENTIONS FOR THE EURO

ACI – The Financial Market Association
Banking Federation of the EU
Cedel Bank
European Federation of Financial Analysts' Societies
European Mortgage Federation
International Paying Agents Association
International Primary Market Association
International Securities Market Association
International Swaps and Derivatives Association
Morgan Guaranty as Operator of the Euroclear System (Euroclear)

Economic and Monetary Union presents a number of technical challenges for the international and new domestic (i.e. euro-zone) financial markets. One of these is the need for market participants to prepare for the market conventions that will apply to trading and settlement of the euro money, bond and foreign exchange markets. However, market conventions currently vary across the European Union and there is as yet no agreed set of common conventions for the new single currency. The above named organisations are therefore publishing this joint statement recommending harmonised market conventions for the euro.

Support for Harmonisation

In our views, harmonisation of euro market conventions is desirable, as it would promote liquidity and transparency in the new markets and prevent confusion and disputes for euro trading and settlement. Also, firms and settlement facilities face uncertainty in their systems requirements while this question is left open. We therefore publish the attached bond market, money market and foreign exchange market conventions for the euro with the aim that they establish standards for market practice for the new single currency. We note that parties to a financial contract may always specify their own terms, including day count or other conventions. However, we believe that the attached provide a basis for standard practice, which we strongly recommend to our members and to both public and private

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issuers of securities. We note that government issuers in particular have an important role to play in achieving harmonisation, by ensuring the use of common standards for euro-denominated benchmark government bond issues.

Treatment of Legacy and Redonominated Instruments

While harmonisation has strong benefits for new euro-denominated instruments, applying new, harmonised, conventions to existing "legacy" instruments — including bonds that redenominate into euro — presents considerable complications. In light of the legal obstacles associated with revising existing agreed conventions and the dangers of hedging mismatches, if underlying and derivative instruments do not all switch to the new conventions, we conclude that existing conventions should be retained for legacy instruments.

Timing

We propose that the attached agreed standards be adopted for financial instruments entered into after the start of stage three of Economic and Monetary Union on 1 January 1999. We also note that new issues before that date of instruments designed to redenominate into euro should also adopt these standards.

CONVENTIONS FOR THE EURO MONEY MARKETS

Day Count Basis

We recommend the adoption of an **actual/360 basis**.

> We note that this is common practice in EU money markets and has been proposed by the European Monetary Institute as the basis for repo instruments used for open market intervention. This convention would apply to wholesale financial activity; we do not recommend a standard retail market convention.

Settlement Basis

We recommend the adoption of a **spot/two day standard**.

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We note that this is the prevalent practice for inter-bank offer rate settlement for most EU currencies.

Fixing Period for Derivatives Contracts

We recommend the adoption of a two day rate fixing convention for derivatives contracts.

Most EU currencies currently provide for a two day period between the fixing of a new floating rate and the date when these new rates become effective (i.e. when the contract actually becomes "reset" to the new rates for the purposes of calculating payments). We believe that this practice should continue and that it would be impractical to shorten this cycle in the near term.

Business Days

We recommend that **TARGET operating days form the basis for euro business days**.

As a practical matter, we believe that the convention for euro business days and TARGET operating days should be identical, to ensure the availability of euro payments arrangements throughout *all* EMU area countries on a day identified as a euro business day. In order to facilitate financial activity throughout the EMU area, we recommend that the number of non euro business days be kept to a minimum and possibly be limited to 1 January and 25 December.

We note that this approach has implications for the operating days of commercial and investment banks and other financial market participants in the EMU area, may raise questions concerning national legislation governing bank holidays it would, for example, mean that institutions unable to make payments specified for a euro business day due to observance of a national holiday would be liable to pay interest for the period of delay.

Finally, we should note that parties to an instrument may well decide to agree to use national business day conventions for the euro, due to the likely absence of full payment services on euro business days in all EMU participant member states (at least in the short term) or if the use of national business days are more convenient for transactions with domestic counterparties.

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CONVENTIONS FOR THE EURO BOND MARKETS

Day Count Basis

We recommend adoption of an **actual/actual basis**.

While many EU markets currently use a 30/360 methodology, in volume terms act/act or act/365 is probably most prevalent in the EU, as it is the convention for French, British and Italian markets. Also, we note that this standard is used in the US and Japanese government bond markets. We note that this is a more exact basis than other methods and presents fewer calculation problems than a 30/360 basis, which largely developed due to systems calculation limitations which have since been overcome.

Quotation Basis

We recommend adoption of **decimals**, rather than fractions, **for bond quotation**.

Quotations in decimals provide for a more accurate and precise methodology of yield calculation, will unify price quotation for government and corporate debt, as well as being easier for screen displays.

Business Days

We recommend that **TARGET operating days form the basis for euro business days**.

Please refer to the commentary above on euro business days in money markets.

Coupon Frequency

We **do not recommend a standardised practice** in this area.

In our view, there are strong arguments for the use of either a semi-annual or annual payment basis as the standard for euro coupon frequency. Semi-annual coupons reduce the credit exposure of investors to issuers and on swaps linked to bonds. They are also attractive to

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institutional investors seeking regular income. In volume terms, it is the standard most widely used globally, employed in the US, Japan, UK and Italy. On the other hand, annual coupons are used by most EU countries, involve lower administrative costs and are attractive to some issuers and investors.

The competing merits of both payment bases, combined with a desire to allow flexibility to respond to issuer and investor preferences, leads us to conclude that in this particular area the case for harmonisation is less compelling. While the individual organisations have made recommendations in this area, the group does not recommend a standardised practice for coupon frequency.

Settlement Dates

We recommend that the standard settlement date for internationally traded cross-border transactions for the euro remain on a **T plus 3 business day cycle**.

While we note that special value dates may be agreed between buyer and seller, we feel that the current T plus 3 day cycle currently in force should be retained for the euro. However, with the soon to be introduced real time gross settlement systems and the ever-increasing desire to reduce settlement risk, we believe that a move to ever shortening settlement cycles is inevitable. Nevertheless, we feel that it would be inappropriate to introduce such a change at the current time, due to other significant system changes posed by the introduction of the euro.

CONVENTIONS FOR THE EURO FOREIGN EXCHANGE MARKETS

Settlement Timing

We recommend the adoption of a spot convention.

International markets should move to a spot convention for settlement of foreign exchange transactions of the euro and interest accrual should then begin on the second day after the deal has been struck.

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Foreign Exchange Quotation

We recommend the adoption of the rule of "certain for uncertain".

In our view, the methodology for the quotation of foreign exchange rates should follow the rule of "certain for uncertain" (i.e 1 euro = x foreign currency). It may not be appropriate to harmonise domestic retail market conventions. This should be left to subsidiarity.

Reference Rate

We recommend that the ECB (or its national central banks) should be responsible for the publication of a daily reference rate.

There would be advantages in having one authoritative closing reference rate, produced at an appropriate time each day and published through a well known and established medium (e.g. a major screen based service).

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