

# **Wijs & Van Oostveen Garantie Bonus Notes IV**

**Prospectus d.d. 4 February 2005**

**Uitgifte verzorgd door:**



**FINANCIAL MARKETS**

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Pricing Supplement dated 4 February 2005 (subject to completion and amendment)

# ING Bank

The date of this Supplement is 4 February 2005

## **ING BANK N.V.**

*(a company incorporated with limited liability in the Netherlands  
and having its statutory seat in Amsterdam)*

**USD 12,000,000,000**

**Limited Recourse Obligation Programme**

**Series No: LRO 718**

**EUR 25,000,000 (indicative)**

**Wijs & Van Oostveen Garantie Bonus Notes IV**

**Due 30 March 2015**

The subscription period for the Notes is from 7 February 2005 (9:30 CET) to 18  
March 2005 (15:00 CET).

ING Bank N.V. reserves the right to close the subscription earlier.

**Issue Price: 100 per cent.**

This document, including the Annex hereto (the “**Annex**”), constitutes the Pricing Supplement (the “**Supplement**”) relating to the issue of Notes (the “**Notes**”) described herein. This Supplement incorporates by reference herein the terms and conditions of the notes (the “**Conditions**”) to be issued by ING Bank N.V. (the “**Issuer**”), as set out in the Offering Circular dated 13 July 2004 (the “**Offering Circular**”) issued in relation to the Issuer’s U.S.\$12,000,000,000 Limited Recourse Obligation Programme (the “**Programme**”). Terms defined in the Offering Circular have the same meaning in this Supplement. The Notes will be issued on the terms of this Supplement and should be read in conjunction with the Offering Circular. The Issuer accepts responsibility for the information contained in this Supplement. To the best knowledge and belief of the Issuer, the information contained in this Supplement, when read together with the Offering Circular, is in accordance with the facts and does not omit anything likely to affect the import of such information except as expressly set forth herein.

Neither the delivery of this Supplement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since, or that any of the information contained herein is correct at any time subsequent to, the date hereof. In the event of inconsistency between the Offering Circular and this Supplement, the terms of this Supplement shall prevail.

This Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase, any of the Notes.

Each investor in the Notes agrees that it will (to the best of its knowledge and belief, having made due enquiry) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes the Offering Circular and/or this Supplement and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other investor shall have any responsibility therefor. The Issuer does not represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

All press releases issued before the Issue Date by the Issuer or ING Groep N.V. are incorporated herein by reference.

The Notes involve complex risks which include, but are not limited to, equity market risks and may include interest rate risks.

Fluctuations in the prices of the Shares (as defined herein) may affect the value of the Notes. The Issuer has not provided (save as provided herein) and will not provide during the term of the Notes prospective purchasers of the Notes with any information or advice with respect to the Shares or the Share Issuers. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Share Issuers, which will not be provided to the Noteholders. The Issuer makes no representation or warranty about, or guarantee of, the performance of the Shares. Past performance of the Shares cannot be considered to be either a guarantee of, or necessarily a guide to, future performance.

It is not possible to predict whether a secondary market for the Notes will develop or, if it does, the price at which the Notes will trade in such secondary market or whether such market will be liquid or illiquid. As the Notes are not listed or traded on any exchange, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. The only way in which a Noteholder can realise value from a Note prior to the Maturity Date is to sell it at its then market price in a secondary market (if one develops).

Purchasers of Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in the Offering Circular and this Supplement and the merits and risks of investing in the Notes in the context of their

financial position and circumstances. Prospective purchasers of the Notes are expressly informed that the information contained in this Supplement does not constitute investment advice or an investment recommendation to purchase Notes. Prospective investors should form their own opinion and make their own analysis (including their own accounting, legal and tax analysis), and if necessary seek independent advice (including accounting, legal and tax advice) prior to deciding whether to invest in the Notes, as any evaluation of whether investment in the Notes is suitable will depend on the potential purchasers' particular financial and other circumstances, as well as on the specific terms and conditions of the Notes. The Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter. The Issuer, including its branches and any group company, is acting solely in the capacity of an arm's length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction unless the Issuer has agreed to do so in writing.

The Principal Amount of the Series will depend on the total amount of subscriptions. The total amount of subscriptions and the aggregate principal amount will be determined after closing of the subscription period. This information as well as the official closing prices of the Shares (as defined in the Annex) on the Strike Date will be made public by the Issuer as soon as practicable after closing of the subscription period.

The terms and conditions of the Notes as set out in the Offering Circular shall apply to the Notes as if references in such Offering Circular to “Notes” were references to the Notes now being issued and as if references to the relevant “Supplement” were references to this document, as amended and supplemented as follows:

#### **GENERAL DESCRIPTION OF THE NOTES**

<b>1</b>	Series No:	718
<b>2</b>	Tranche No:	N/A
<b>3</b>	Currency:	EUR
<b>4</b>	Principal Amount of	
	- Series:	EUR 25,000,000 (indicative)
	- Tranche:	N/A
<b>5</b>	Issue Date:	30 March 2005, adjusted in accordance with the Following Business Day Convention, for which “Business Day” shall be as defined in the Annex.
<b>6</b>	Form:	Bearer only
<b>7</b>	Denomination:	EUR 1,000
<b>8</b>	Maturity Date:	30 March 2015, adjusted in accordance with the Following Business Day Convention, for which “Business Day” shall be as defined in the Annex.
<b>9</b>	Issue Price:	100 per cent.
<b>10</b>	Interest Rate:	Fixed Rate and Variable Rate. The Fixed Rate is set out in the Fixed Rate Provisions. The Variable Rate is set out in the Annex.
<b>11</b>	Redemption/Payment:	Redemption at Par
<b>12</b>	Change of Interest basis or Redemption/Payment basis:	After two (2) years the Interest basis changes from Fixed Rate to Variable Rate. The commencement date of this change is expected to be 30 March 2007.
<b>13</b>	Issuer/Noteholder Options:	N/A

#### **Provisions Relating to Interest**

<b>14</b>	<b>Fixed Rate Provisions:</b>	Applicable for the period from and including 30 March 2005 to but excluding 30 March 2007.
	(i) Interest Rate:	7 per cent. per annum payable annually in arrear.
	(ii) Interest Commencement Date:	Issue Date
	(iii) Interest Determination Dates:	27 March 2006 and the 27 March 2007, adjusted in accordance with the Following Business Day Convention, for which “Business Day” shall be as defined in the Annex.
	(iv) Interest Payment Dates:	30 March 2006 and 30 March 2007, adjusted in accordance with the Following Business Day Convention, for which “Business Day” shall

be as defined in the Annex.

- (v) Interest Amount(s): EUR 70.00 per EUR 1,000 in principal amount, subject to Interest Commencement Date.
- (vi) Broken Amount: N/A
- (vii) Day Count Fraction: To be determined by the Issuer
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: N/A

**15 Floating Rate Note Provisions:** N/A

**16 Zero Coupon Note Provisions:** N/A

#### **PROVISIONS RELATING TO REDEMPTION**

**17** Issuer Option pursuant to Condition 5(e): N/A

**18** Noteholder Option pursuant to Condition 5(f): N/A

**19** Redemption by Instalment: N/A

**20** Maximum/Minimum Redemption Amount (if applicable): N/A

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**21** Limited Recourse: Condition 3(b) shall not apply to the Notes.

**22** Redemption for taxation and other reasons: For the purposes of the issue of the Notes, Condition 5(c) shall be deleted and replaced by the following:

If the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by Netherlands law or English law to withhold or account for tax in respect of the Notes, then the Issuer shall forthwith give notice of such circumstance to Noteholders. In such event, the Issuer may, but shall not be obliged to, on giving not more than 30 nor less than 15 days' notice to the Noteholders, and upon expiry of such notice, redeem all but not some of the Notes at a redemption amount to be determined by the Issuer.

Notwithstanding the foregoing, if any of the taxes referred to above arises (i) by reason of any Noteholder's connection with the Netherlands or the United Kingdom otherwise than by reason only of the holding of any Note or receiving or being entitled to the Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and all other Noteholders shall receive the due amounts

payable to them.

<b>23</b>	Definition of "Market Price" for the purposes of Condition 5(e):	N/A
<b>24</b>	Unmatured Coupons to become void upon early redemption:	No
<b>25</b>	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable):	N/A
<b>26</b>	Relevant Business Day Jurisdictions for Condition 6(a)(iii):	For the purposes of the Notes and Condition 6(a)(iii), Relevant Business Day shall have the same meaning as Business Day as defined in the Annex.
<b>27</b>	Business Day Convention for Condition 4(b):	Following Business Day Convention
<b>28</b>	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a) (if applicable):	N/A
<b>29</b>	Redenomination:	N/A
<b>30</b>	Details of any other additions or variations to the Conditions (if applicable):	(i) For the purposes of Condition 9, if an Event of Default occurs and is continuing and a Note held by a Noteholder is declared to be forthwith due and payable, the same shall become forthwith due and payable at an amount equal to its fair economic value as determined by the Issuer (as if no Event of Default had occurred).  (ii) The Issuer may at any time, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13, redeem all but not some only of the Notes for the time being outstanding at a price determined by the Issuer if, prior to the date of such notice, 90 per cent. or more in principal amount of the Notes hitherto issued have been redeemed.

## **DISTRIBUTION**

<b>31</b>	Method of issue of Notes:	By the Issuer as principal
<b>32</b>	The following Dealer(s) [is/are] subscribing the Notes:	N/A
<b>33</b>	Dealer's Commission:	N/A
<b>34</b>	Details of any additions or variations to the Dealer Agreement:	N/A
<b>35</b>	The Agents appointed in respect of the Notes are:	Fiscal Agent: JP Morgan Chase Bank, N.A., Trinity Tower, 9 Thomas More Street, London E1W 1YT

Paying Agent and Transfer Agent:  
J.P. Morgan Bank Luxembourg S.A., 5 rue Plaetis, L-2338  
Luxembourg

**Provisions applicable to Global Notes and Certificates**

- |    |   |         |
|----|---|---------|
| 36 | Applicable TEFRA exemption:   | D Rules |
| 37 | Temporary Global Note exchangeable for Definitive Notes:                              | No      |
| 38 | Permanent Global Note exchangeable for Definitive Notes at the request of the holder: | No      |

**Provisions for Bearer Notes**

- |    |                          |  |
|----|--------------------------|--|
| 39 | Exchange Date:           | Not earlier than 40 days after the Issue Date  |
| 40 | Permanent Global Note:   | Yes, the Notes will initially be represented by interests in a Temporary Global Note. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note not earlier than the Exchange Date, upon certification as to non-U.S. beneficial ownership. |
| 41 | Definitive Bearer Notes: | No, save in the limited circumstances described in the Permanent Global Note.  |

**Provisions for Registered Notes**

- |    |  |    |
|----|--|----|
| 42 | Individual Certificates available on Issue Date:   | No |
| 43 | Unrestricted DTC Global Certificate and Restricted DTC Global Certificate available on Issue Date:         | No |
| 44 | Unrestricted Non-DTC Global Certificate and Restricted Non-DTC Global Certificate available on Issue Date: | No |
| 45 | Rule 144A Eligible:  | No |
| 46 | Accredited Investor Eligible:  | No |
| 47 | Portal Eligible:   | No |

**Provisions relating to the sale and listing of the Notes**

- |    |   |  |
|----|---|--|
| 48 | Details of any additions or variations to the selling restrictions: | <p>The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.</p> <p><b>No action has been or will be taken by the Issuer to permit the offering or sale of the Notes to the public in any jurisdiction other than The Netherlands.</b></p> |
|----|---|--|

Commissions:

On the first day of each quarter, during the period commencing on and including 31 March 2005 and ending on and including 31 March 2007, the Issuer will reserve a selling fee for the benefit of the Distributor, amounting to 0.6762% of the total Principal Amount of the Notes not booked in the Issuer's books on such date. The first quarter will commence on March 31 2005 and end on 30 June 2005 and the last quarter will end on 31 March 2007.

"**Distributor**" means Wijs & Van Oostveen B.V., Herengracht 491, 1017 BT Amsterdam, The Netherlands

Minimum Trading Size:

The minimum trading size for the Notes is a total Principal Amount of EUR 1,000.

<b>49</b>	Listing:	N/A
<b>50</b>	Codes:	
	(i) ISIN code:	XS0211173157
	(ii) Common Code:	021117315
	(iii) Fondscod:	N/A
	(iv) Rule 144A CUSIP:	N/A
	(v) Regulation S CINS:	N/A
	(vi) Other:	N/A
<b>51</b>	The aggregate principal amount of USD 32,500,000 (indicative) Notes issued has been translated into USD at the rate of EUR = USD 1.30, producing a sum of:	
<b>52</b>	Net proceeds (for Euronext Amsterdam listed Notes only):	N/A
<b>53</b>	Effective yield (for Euronext Amsterdam listed Notes only):	N/A
<b>54</b>	Clearance System	Euroclear and Clearstream, Luxembourg.

Signed on behalf of the Issuer in Amsterdam, 4 February 2005:

By: .....

*Duly authorised*

By: .....

*Duly authorised*

## ANNEX

**THIS ANNEX FORMS PART OF THE SUPPLEMENT TO WHICH IT IS ATTACHED.**

### 1 Final Redemption

For the purposes of Condition 5(a)(ii), the Redemption Amount payable per Note on the Maturity Date (subject to the provisions of Condition 4(j) and 4(k)) shall be an amount in euro equal to its principal amount.

### 2 Coupon Payment Amount (Variable Rate)

The Coupon Payment Amount per Note, calculated on the relevant Observation Date and payable on the corresponding Coupon Payment Date in that year, (subject to the provisions of Condition 4(j) and 4(k)), shall be an amount in euro determined by the Issuer as follows:

$$\text{Principal Amount per Note} \times \text{Max} \left[ 0\%, \frac{1}{50} \sum_{i=1}^{50} \text{Min} \left( \frac{\text{Share}_i(t)}{\text{Share}_i(0)} - 1; \text{Cap} \right) \right]$$

Where:

“**Basket**” means a basket composed of Shares in the relative proportions of each Share Issuer. The composition of the Basket is expected to be as specified below. The final composition of the Basket will be determined on the Strike Date.

i	Share Issuer	ISIN Number	Proportion	Exchange
1	Abbot Laboratories	US0028241000	2%	New York Stock Exchange
2	Altria Group Inc	US02209S1033	2%	New York Stock Exchange
3	American International Group	US0268741073	2%	New York Stock Exchange
4	Astrazeneca Plc	GB0009895292	2%	London Stock Exchange
5	Bank of America Corp	US0605051046	2%	New York Stock Exchange
6	Barclays Plc	GB0031348658	2%	London Stock Exchange
7	Bellsouth Corp	US0798601029	2%	New York Stock Exchange
8	BP Plc	GB0007980591	2%	London Stock Exchange
9	Chevrontexaco Corp	US1667641005	2%	New York Stock Exchange
10	Cisco Systems Corp	US17275R1023	2%	Nasdaq N-Mkt
11	CitiGroup Inc	US1729671016	2%	New York Stock Exchange
12	Coco-Cola Co	US1912161007	2%	New York Stock Exchange
13	DaimlerChrysler AG-REG	DE0007100000	2%	Xetra
14	Dell Inc	US24702R1014	2%	Nasdaq N-Mkt
15	Eli Lilly & Co	US5324571083	2%	New York Stock Exchange
16	Eni Spa	IT0003132476	2%	Milan Stock Exchange

17	Exxon Mobil Corp	US30231G1022	2%	New York Stock Exchange
18	General Electric Co	US3696041033	2%	New York Stock Exchange
19	Glaxosmithkline Plc	GB0009252881	2%	London Stock Exchange
20	Hbos Plc	GB0030587504	2%	London Stock Exchange
21	HSBS Holdings Plc	GB0005405286	2%	London Stock Exchange
22	ING Group NV-CVA	NL0000303600	2%	Euronext Amsterdam
23	Intel Corp	US4581401001	2%	Nasdaq N-Mkt
24	Intl Business Machines Corp	US4592001014	2%	New York Stock Exchange
25	Johnson & Johnson	US4781601046	2%	New York Stock Exchange
26	JP Morgan Chase & Co	US46625H1005	2%	New York Stock Exchange
27	Samsung Electronics Co Ltd	KR7005930003	2%	Korea Stock Exchange
28	Merck & Co Inc	US5893311077	2%	New York Stock Exchange
29	Microsoft Corp	US5949181045	2%	Nasdaq N-Mkt
30	Morgan Stanley	US6174464486	2%	New York Stock Exchange
31	Nestle SA-Registered	CH0012056047	2%	Virt-x
32	Nokia OYJ	FI0009000681	2%	Helsinki Stock Exchange
33	Novartis AG-REG SHS	CH0012005267	2%	Virt-x
34	Pepsico Inc	US7134481081	2%	New York Stock Exchange
35	Pfizer Inc	US7170811035	2%	New York Stock Exchange
36	Procter & Gamble Co	US7427181091	2%	New York Stock Exchange
37	Roche Holding AG-Genusschein	CH0012032048	2%	Virt-x
38	Royal Bank of Scotland Group	GB0007547838	2%	London Stock Exchange
39	Royal Dutch Petroleum	NL0000009470	2%	Euronext Amsterdam
40	SBC Communications Inc	US78387G1031	2%	New York Stock Exchange
41	Siemens AG-Reg	DE0007236101	2%	Xetra
42	The Walt Disney Co	US2546871060	2%	New York Stock Exchange
43	Time Warner Inc	US8873171057	2%	New York Stock Exchange
44	Total SA	FR0000120271	2%	Euronext Paris
45	Toyota Motor Corp	JP3633400001	2%	Tokyo Stock Exchange
46	UBS AG-Registered	CH0012032030	2%	Virt-x
47	Verizon Communications Inc	US92343V1044	2%	New York Stock Exchange
48	Vodafone Group Plc	GB0007192106	2%	London Stock Exchange

49	Wal-Mart Stores Inc	US9311421039	2%	New York Stock Exchange
50	Wyeth	US9830241009	2%	New York Stock Exchange

“**Cap**” means 10%.

“**Coupon Payment Date**” means 30 March in each year, from and including 30 March 2008 to and including 30 March 2015, adjusted in accordance with the Following Business Day Convention, for which “**Business Day**” shall be as defined in the Annex and subject to the provisions of Condition 4(j).

“**Expiration Date**” means 23 March 2015, subject to the provisions of Condition 4(j), or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“**i**” has the meaning specified in the definition of Basket.

“**Observation Date**” means 24 March 2008, 23 March 2009, 23 March 2010, 23 March 2011, 23 March 2012, 25 March 2013, 24 March 2014 and 23 March 2015, subject to the provisions of Condition 4(j), or, if any such date is not a Scheduled Trading Day in respect of such Share, the next following such Scheduled Trading Day in respect of that Share. For the avoidance of doubt, there will be 8 Observation Dates.

“**Price**” means the official closing price of one Share on the Exchange as of the Valuation Time on such date as determined by the Issuer or, in case of Eni Spa (i = 16) the ‘Prezzo Riferimento’ on the Exchange as of the Valuation Time on such date as determined by the Issuer.

“**Share**” means, in respect of each Share Issuer, a share for which the ISIN number is specified against the relevant company listed as a Share Issuer in the definition of Basket and “**Shares**” means all of the Shares in the Basket.

“**Share<sub>i</sub>(0)**” means the Price of Share<sub>i</sub> on the Strike Date.

“**Share<sub>i</sub>(t)**” means the Price of Share<sub>i</sub> on the relevant Observation Date. The first such measurement of Share<sub>i</sub>(1) to be taken on the first Observation Date (which is expected to be 24 March 2008).

“**Share Issuer**” means a company listed as such in the definition of Basket.

“**Strike Date**” means 23 March 2005, subject to the provisions of Condition 4(j), or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

### 3 Definitions

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

“**Additional Disruption Event**” means Change in Law and Insolvency Filing.

“**Business Day**” means a day which is a TARGET Business Day.

“**Change in Law**” means that, on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any Shares, or (Y) it will incur a materially increased cost in holding, acquiring or disposing of any Shares and/or performing its obligations under the Notes (including,

without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**“Delisting”** means that an Exchange announces that pursuant to its rules one or more of the Shares in the Basket has ceased (or will cease) to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the Issuer.

**“Disrupted Day”** means, in respect of a Share, any Scheduled Trading Day on which (i) the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

**“Early Closure”** means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or such Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or such Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**“Exchange”** means, in respect of a Share, the Exchange specified for such Share in the definition of Basket or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily been relocated (provided that the Issuer has determined that there is comparable liquidity relative to such Share on such successor or substitute exchange or quotation system as on the original Exchange).

**“Exchange Business Day”** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the relevant Exchange or any relevant Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Issuer) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Share on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

**“Extraordinary Dividend”** means, in respect of a Share, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Issuer.

**“Insolvency”** means, in respect of a Share Issuer, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting such Share Issuer, (A) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

**“Insolvency Filing”** means, in respect of a Share, that the Issuer determines that the relevant Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

**“Market Disruption Event”** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Issuer determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

**“Merger Date”** means, in respect of a Merger Event, the closing date of such Merger Event or, where the Issuer determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer.

**“Merger Event”** means, in respect of one or more of the Shares in the Basket, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the relevant Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or its subsidiaries with or into another entity in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a **“Reverse Merger”**), in each case if the Merger Date is on or before the relevant Expiration Date.

**“Nationalisation”** means that all the Shares of a Share Issuer or all or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“New Shares”** means ordinary or common shares, whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or the making of the Tender Offer or a third party, that are, or that as of the Merger Date or Tender Offer Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

**“Other Consideration”** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or the making of the Tender Offer or a third party).

**“Potential Adjustment Event”** means any of the following:

- (i) a subdivision, consolidation or reclassification of one or more of the Shares in the Basket (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of one or more of the Shares in the Basket of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the relevant Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for

payment (cash or other consideration) at less than the prevailing market price as determined by the Issuer;

- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer in respect of relevant Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Issuer) being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of one or more of the Shares in the Basket.

**“Principal Amount per Note”** means EUR 1,000.

**“Related Exchange”** means, in respect of a Share, each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for futures or options contracts relating to such Share or such other options or futures exchange(s) as the Issuer may select, any transferee exchange or quotation system or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Issuer has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange).

**“Scheduled Closing Time”** means, in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means, in respect of a Share, any day on which the relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading sessions.

**“Settlement Currency”** means EUR.

**“Tender Offer”** means, in respect of any Shares, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the relevant Share Issuer, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

**“Tender Offer Date”** means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Issuer are actually purchased or otherwise obtained (as determined by the Issuer).

**“Trading Disruption”** means, in respect of a Share, any suspension of or limitation imposed on trading by the relevant Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or such Related Exchange or otherwise (i) relating to

such Share on such Exchange, or (ii) in futures or options contracts relating to such Share on a Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to that Share. If the relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Condition 4(j)) the Valuation Time shall be such actual closing time.

#### **4 Disrupted Days**

For the purposes of the Notes, Condition 4 shall be amended by the addition of a new Condition 4(j) as follows:

##### ***“(j) Disrupted Days***

If the Issuer determines that the Strike Date, the Expiration Date or any Observation Date, as the case may be, is a Disrupted Day in respect of a Share, then the Strike Date, the Expiration Date or such Observation Date, as the case may be, in respect of that Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Share, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, the Expiration Date, or such Observation Date for such Share, as the case may be, is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, the Expiration Date or such Observation Date, as the case may be, for such Share notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Issuer shall determine the price of one such Share as its good faith estimate of the price of one such Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day.

Notwithstanding the provisions of Condition 5, if the Issuer determines that a Disrupted Day has occurred prior to the scheduled payment date of the Redemption Amount and/or Coupon Payment Amount, payment of such Redemption Amount and/or Coupon Payment Amount shall be postponed, (1) in the case of the Redemption Amount, to the later of (i) the Maturity Date and (ii) the date that is three (3) Business Days following the postponed Expiration Date and (2) in case of the Coupon Payment Amount to the later of (i) the relevant Coupon Payment Date and (ii) the date that is three (3) Business Days following the corresponding postponed relevant Observation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Redemption Amount and/or Coupon Payment Amount.

The Issuer shall give notice to the holders of the Notes, in accordance with Condition 13, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes.”.

#### **5 Adjustments**

For the purposes of the Notes, Condition 4 shall be amended by the addition of a new Condition 4(k) as follows :

##### ***“(k) Adjustments, Consequences of Certain Events***

- (i) Adjustments

If the Issuer determines that a Potential Adjustment Event has occurred in respect of one or more of the Shares in the Basket or that there has been an adjustment to the settlement terms of listed contracts on one or more of the Shares in the Basket traded on a Related Exchange, the Issuer will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount and/or the Coupon Payment Amount and/or any of the conditions in this Supplement or the Offering Circular as the Issuer determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Issuer may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the relevant Shares traded on that options exchange.

(ii) Consequences of a Merger Event

If the Issuer determines that a Merger Event has occurred in respect of one or more of the Shares in the Basket, the Issuer may:

- (a) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Issuer determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the relevant Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (b) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the relevant "Shares" and the relevant "Share Issuer", respectively, and if the Issuer determines to be appropriate, the Issuer will adjust any relevant terms of the Notes as it may determine.

The Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Condition 13.

(iii) Consequences of a Tender Offer

If the Issuer determines that a Tender Offer has occurred in respect of one or more of the Shares in the Basket, then on or after the relevant Tender Offer Date the Issuer may:

- (a) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Issuer determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment.

The Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Condition 13.

(iv) Nationalisation, De-listing or Insolvency

If in respect of the Shares or the Share Issuer the Issuer determines that there has a Nationalisation, Insolvency or De-listing, the Issuer may (i) determine the appropriate adjustment, if any, to be made to any one or more of the Redemption Amount and/or the Coupon Payment Amount or any of the other terms and conditions of the Notes to account for the Nationalisation, Insolvency or De-listing and determine the effective date of that adjustment. Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 13.

(v) Change of Exchange

If an Exchange is changed, the Issuer may make such consequential modifications to the Redemption Amount and/or Coupon Payment Amount and such other terms and conditions of the Notes as it may determine appropriate.

(vi) Price Correction

In the event that any price or level published on an Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange within three Business Days after the original publication, the Issuer will determine the amount (if any) that is payable as a result of that correction, and, to the extent necessary, will adjust the terms and conditions of the Notes to account for such correction.

(viii) Additional Disruption Events

If the Issuer determines that an Additional Disruption Event has occurred, the Issuer may redeem each Note at its fair economic value (as determined by the Issuer) as at the date of redemption taking into account the Additional Disruption Event less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 13.

## **6 Determinations by the Issuer**

For the purposes of the Notes, any determinations, calculations or other decisions made by the Issuer under or pursuant to the terms of the Notes shall be made in its sole and absolute discretion. All such determinations, calculations or other decisions of the Issuer shall (save in the case of manifest error) be final, conclusive and binding on all parties, and the Issuer shall have no liability to any person therefor.

## **7 Notices**

For the purposes of the Notes, Condition 13 shall be amended by the addition of the following words:

“Subject to the provisions of any applicable law, rule or regulation in any relevant jurisdiction, so long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes may be given solely by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions (for the avoidance of doubt, where such notice is given to the clearing system, the Issuer shall have no obligation to publish such notice in a daily newspaper anywhere) or by delivery of the relevant notice to the holder of the Global Note. Notices so delivered to Euroclear and Clearstream, Luxembourg by close of business (Central European time) on any day on which Euroclear and Clearstream, Luxembourg are open for business will be deemed to be delivered to Noteholders on the date of such delivery to Euroclear and Clearstream, Luxembourg. Any notice to an alternative clearing system shall be deemed to be effective on the business day on which it is given to such clearing system.”.

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# ING Bank N.V.

(a company incorporated with limited liability in the Netherlands  
and having its statutory seat in Amsterdam)

## U.S.\$ 12,000,000,000

### Limited Recourse Obligation Programme

Under this U.S.\$ 12,000,000,000 Limited Recourse Obligation Programme (the “Programme”) ING Bank N.V. (the “Issuer” or the “Bank”) may from time to time issue notes (the “Notes”) or enter into loans (“Loans”) or otherwise incur indebtedness in forms other than Notes (together the “Obligations”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Subject as set out herein, the Notes will not be subject to any maximum maturity but will have a minimum maturity of one month and the maximum aggregate nominal amount of all Obligations from time to time outstanding will not exceed U.S.\$ 12,000,000,000 (or its equivalent in other currencies calculated as described herein).

Notes will be issued in one or more series (each a “Series”) on the terms set out in the supplement to this Offering Circular relating to such Series (each a “Supplement”). Each Series shall be all in bearer form or all in registered form and may be issued in one or more tranches (each a “Tranche”) on different issue dates and on terms otherwise identical (except in relation to interest commencement dates and matters related thereto). Obligations other than Notes will be entered into pursuant to separate documentation relating thereto.

**Payments of principal and interest in respect of any Series may be restricted upon the occurrence of any event described in the relevant Supplement. Such event may relate, *inter alia*, to (i) a Credit Event, (ii) a Tax Event, (iii) a Swap Termination Event, (iv) a Convertibility Event (as each such term is defined in the applicable Supplement), (v) the occurrence of any event specified in the applicable Supplement relating to any specified Market Price or Market Rate (each as defined in the applicable Supplement), or (vi) any other circumstance as provided in the applicable Supplement. The terms of any Series may provide that, in any such event, the Issuer may be entitled, to suspend, postpone or cancel its obligations to pay principal and interest on the Notes, or to redeem the Notes in whole or in part at their Recovery Amount (as defined in the relevant Supplement), and/or to deliver any relevant Reference Obligations (as defined in the relevant Supplement) in lieu of any obligation to pay the Recovery Amount. See “Terms and Conditions of the Notes — Condition 3: Status and Limited Recourse” herein and the terms of the applicable Supplement. The terms of any such Series will further provide that, upon such payment and/or delivery in full in accordance with the foregoing provisions, claims in respect of any balance on the Notes of such Series which would, but for the operation of such provisions, have been payable, shall be extinguished. Recourse in respect of Obligations other than Notes will be limited in the manner described in the documentation relating thereto.**

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 7 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the “relevant Dealer” in respect of those Notes.

The Notes will not contain any provision that would oblige the Issuer to gross-up any amounts payable in respect of interest or principal in the event of any withholding or deduction for or on account of taxes levied in any jurisdiction (including the Netherlands and the United Kingdom).

Application has been made to list the Notes issued under the Programme during the period of twelve months commencing on the date hereof on the Luxembourg Stock Exchange. The Programme provides that Notes may be listed on such further or other stock exchanges as the Issuer may decide. The applicable Supplement will specify whether or not Notes are listed on the Luxembourg Stock Exchange and/or any other stock Exchange(s). In the case of Notes listed on the Luxembourg Stock Exchange the Issuer will deliver to the Luxembourg Stock Exchange a Supplement describing the terms of the Notes. The Issuer may also issue unlisted Notes.

This Offering Circular should be read and construed in conjunction with each relevant Supplement, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Notes of any Series may be issued in bearer form or, alternatively, in registered form if Notes of such Series are to be sold to qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or to accredited investors within the meaning of Regulation D under the Securities Act. See “Summary of the Programme and of the Terms and Conditions of the Notes - Form” and “Form of Notes”.

For so long as any Notes issued in registered form are listed on the Luxembourg Stock Exchange, a transfer agent (“Transfer Agent”) will be maintained in Luxembourg.

This Offering Circular replaces and supersedes the Offering Circular of ING Bank N.V. dated 23 July 2003.

**Particular attention is drawn to the section in this Offering Circular entitled “Risk Factors”**

#### Arranger

ING Bank N.V.

#### Dealers

ING Bank N.V., London Branch

ING Financial Markets LLC

ING Bank N.V., Hong Kong Branch

ING Bank N.V.

ING Bank N.V., Seoul Branch

ING Bank N.V., Singapore Branch

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” on page 6). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

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

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

**Neither this Offering Circular nor any other information supplied in connection with this Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes or enter into other Obligations. Structured securities and other obligations are sophisticated instruments, can involve a high degree of risk and are intended for sale only to those investors capable of understanding the risks entailed in such instruments and who are aware of the inherent country risks linked to the Reference Obligations (as defined below). Prospective purchasers of the Notes and counterparties to other Obligations should ensure that they understand the nature of the Obligations and the extent of their exposure to risk and that they consider the suitability of the Obligations as an investment in the light of their own circumstances and financial condition. Prospective purchasers of the Notes and Counterparties to other Obligations should conduct their own investigations and, in deciding whether or not to purchase Notes or enter into other Obligations, should form their own views of the merits of an investment related to the Obligations based upon such investigations and not in reliance upon any information given in this document and the applicable Supplement. In particular, each investor contemplating purchasing any Notes or entering into any other Obligations should make its own appraisal of the creditworthiness, of the issuer of the relevant Reference Obligations or the Relevant Obligor or, as the case may be, of the risks inherent in the Obligations relating to the Relevant Jurisdiction or other Governmental Authority, any Market Rate or Market Price, in each as may be relevant to such Notes. If in doubt potential investors are strongly recommended to consult with their financial advisers before making any investment decision. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes or enter into any other Obligations.**

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent non-consolidated or consolidated financial statements, if any, of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Offering Circular and the entering into, offering or sale of Obligations may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer of sale of Notes in the United States, the United Kingdom and the Netherlands (see “Subscription and Sale” on page 86).

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”)). THIS OFFERING CIRCULAR HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) AND A LIMITED NUMBER OF ACCREDITED INVESTORS AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT (“**ACCREDITED INVESTORS**”). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE “SUBSCRIPTION AND SALE” AND “TRANSFER RESTRICTIONS”.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

For as long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available, upon request, to any person in whose name the Global Certificate (as defined below) representing the Notes is registered, to any owner of a beneficial interest

in the Global Certificate, to a prospective purchaser of a Note or beneficial interest therein who is a qualified institutional buyer within the meaning of Rule 144A designated by any such person or beneficial owner, or to the Registrar for delivery to any such person, beneficial owner or prospective purchaser, as the case may be, in connection with the resale of a beneficial interest in the Global Certificate by such person or beneficial owner, the information specified in Rule 144A(d)(4) under the Securities Act.

All references in this document to “U.S. dollars”, “U.S.\$” and “USD” refer to the currency of the United States of America and those to “euro” are to the currency introduced on 1 January 1999 pursuant to the treaty establishing the European Community.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined in “Terms and Conditions of the Notes”) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations. In relation to Notes to be listed on Euronext Amsterdam, stabilising will be effected in accordance with Article 32 of the Further Regulations on Market Conduct Supervision on the Securities Trade 2002 (*Nadere Regeling gedragstoezicht effectenverkeer 2002*) and the rules of Euronext Amsterdam, and, in any event, will be discontinued 30 days after the Closing Date applicable to such Notes.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the audited annual accounts of the Issuer and its consolidated subsidiaries together with the relevant auditor's report for the financial years ended 31 December 2002 and 31 December 2003 and the most recently available published semi-annual interim financial statements of the Issuer and its consolidated subsidiaries;
- (b) the Articles of Association (*Statuten*) of the Issuer; and
- (c) all supplements to this Offering Circular circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Dealer Agreement (as defined in "Subscription and Sale" below),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written or telephone requests for such documents should be directed to the Issuer at its registered office set out at the end of this Offering Circular.

Additionally, as long as the Notes are listed on the Luxembourg Stock Exchange, the documents incorporated by reference will be available free of charge to any interested person or party at the offices of the Paying Agent in Luxembourg.

Additionally, as long as the Notes are listed on Euronext Netherlands, the documents incorporated by reference will be available free of charge to any interested person or party at the offices of the Paying Agent in Amsterdam.

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

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Supplement. Words and expressions not otherwise defined herein shall have the meanings set forth in “Terms and Conditions of the Notes” below or in the applicable Supplement.

- Issuer:** ING Bank N.V.
- Description:** Limited Recourse Obligation Programme
- Arranger:** ING Bank N.V.
- Dealers:** ING Bank N.V.  
ING Financial Markets LLC  
ING Bank N.V., London Branch  
ING Bank N.V., Hong Kong Branch  
ING Bank N.V., Seoul Branch  
ING Bank N.V., Singapore Branch
- Limited Recourse:** The terms of any Series of Notes may provide that the Issuer may be entitled to (a) suspend, postpone or cancel its obligations to pay principal and interest on the Notes, (b) redeem the Notes in whole or in part at their Recovery Amount and/or (c) deliver any relevant Reference Obligations in lieu of any obligation to pay the Recovery Amount upon the occurrence of any event described in the Supplement relating to such Series. Such event may relate to:
- (i) a Credit Event (which may include a failure by any Reference Obligor to make any payments due in respect of any Reference Obligations, the default by the Reference Obligor in the payment of any other indebtedness in excess of a specified threshold amount, and the dissolution, insolvency, winding-up, liquidation or other analogous event in respect of any Reference Obligor); and/or
  - (ii) a Tax Event (which may include the imposition of any withholding or deduction in respect of any payment to be made in respect of any Reference Obligation); and/or
  - (iii) a Swap Termination Event (where any related hedge agreement is terminated early in accordance with its terms); and/or
  - (iv) a Convertibility Event (which may include the general unavailability of an appropriate spot rate of exchange for any particular currencies or the inability of the Issuer, as a result of the imposition of any exchange controls relating to the currency in which the Reference Obligations are denominated

or otherwise, to convert amounts from one specified currency to another); and/or

- (v) the occurrence of any event specified in the applicable Supplement relating to any specified Market Price or Market Rate; and/or
- (vi) any other circumstance as provided in the applicable Supplement.

**Payment by the Issuer of any Recovery Amount and/or delivery by the Issuer of any Reference Obligations made in accordance with the provisions of the applicable Supplement shall satisfy the obligations of the Issuer with respect to the Notes of the relevant Series and Noteholders shall have no claim in respect of any amounts which would, but for the operation of the provisions of such Supplement, have been payable in respect of such Notes.**

**Form of Notes:**

**Bearer Notes:** Notes of each Tranche of each Series to be issued in bearer form (“Bearer Notes” comprising a “Bearer Series”) will initially be represented by interests in a temporary global note or by a permanent global note, in either case in bearer form (a “Temporary Global Note” and a “Permanent Global Note”, respectively), without interest coupons, which will be deposited either with (i) a common depository on behalf of Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) or (ii) “Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.” (“Euroclear Netherlands”) on the relevant issue date. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note or for Bearer Notes in definitive form (“definitive Bearer Notes”) (to which interest coupons will be attached, in the case of interest-bearing Notes) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the “Exchange Date”), upon certification as to non-U.S. beneficial ownership. In the case of Euroclear Netherlands the Exchange Date is not more than 90 days after the Temporary Global Note issue date.

**Registered Notes:** Notes of any Series will be represented initially either by one or more global Certificates held by, or on behalf of, The Depository Trust Company (the “DTC Global Certificates”) or by one or more global Certificates held in Clearstream, Luxembourg and Euroclear (the “Non-DTC Global Certificates”) or by Registered Notes in definitive form (“Certificates”).

*The following provisions will apply to DTC Global Certificates*

Notes of each Tranche of each Series to be issued in registered form (“Registered Notes” comprising a “Registered Series”) which are sold in an “offshore transaction” within the meaning of Regulation S, will initially be represented at the Issuer’s option by interests in one or more global unrestricted registered Certificates (each an “Unrestricted DTC Global Certificate”), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date. Until the expiration of 40 days after the later of the commencement of the offering of a Tranche of a Registered Series and the issue date thereof, beneficial interests in an Unrestricted DTC Global Certificate may be held only through Euroclear or Clearstream, Luxembourg. Notes of each Tranche of each Registered Series which are sold to QIBs pursuant to Rule 144A, as referred to in and subject to the transfer restrictions described in “Subscription and Sale” and “Transfer Restrictions”, will initially be represented, at the Issuer’s option, by one or more global restricted registered Certificates (each a “Restricted DTC Global Certificate”), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date.

*The following provisions will apply to Non-DTC Global Certificates*

Notes of each Tranche of each Registered Series which are sold in an “offshore transaction” within the meaning of Regulation S, will initially be represented at the Issuer’s option by interests in one or more global unrestricted registered Certificates (each an “Unrestricted Non-DTC Global Certificate”), without interest coupons, which will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg on its issue date. Until the expiration of 40 days after the later of the commencement of the offering of a Tranche of a Registered Series and the issue date thereof, beneficial interests in an Unrestricted Non-DTC Global Certificate may be held only through Euroclear or Clearstream, Luxembourg. Notes of each Tranche of each Registered Series which are sold to QIBs pursuant to Rule 144A, as referred to in and subject to the transfer restrictions described in “Subscription and Sale” and “Transfer Restrictions”, will initially be represented, at the Issuer’s option, by one or more global restricted registered Certificates (each a “Restricted Non-DTC Global Certificate”), without interest coupons, which will be deposited with, and registered in the name of a nominee

for, a common depositary for Euroclear and Clearstream, Luxembourg on its issue date.

*Registered Notes sold to Accredited Investors*

Notes of each Tranche of each Registered Series which are sold to accredited investors within the meaning of Rule 501(a) of Regulation D under the Securities Act (“Accredited Investors”), as referred to in and subject to the transfer restrictions described in “Subscription and Sale” and “Transfer Restrictions”, will initially be represented, at the Issuer’s option, by Certificates or by interests in a Restricted DTC Global Certificate held by a Dealer on behalf of the beneficial owner thereof. Certificates will not be issued in exchange for Restricted DTC Global Certificates except in certain limited circumstances as described herein.

Notes represented by Restricted DTC Global Certificates are expected to be designated eligible for trading in The Portal Market of The Nasdaq Stock Market, Inc. (“Portal”).

**Form of other Obligations**

Obligations may also be in the form of other financial transactions including Loans. The terms of such other Obligations will be set out in separate documentation relating thereto.

**Regulatory Matters:**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.

**Fiscal Agent:**

JPMorgan Chase Bank.

**Size:**

Up to U.S.\$12,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Obligations outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement and, in such case, a supplemental Offering Circular will published.

**Distribution:**

Notes may be distributed by way of private placement or public offering which may, in the latter case, be on a syndicated or non-syndicated basis.

**Currencies:**

Notes may be issued in U.S. dollars or subject to compliance with all relevant laws, regulations and directives, in other currencies if the Issuer and the relevant Dealer(s) so agree.

**Maturities:**

Any maturity, subject to a minimum maturity of one month, as indicated in the applicable Supplement or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant

Specified Currency.

**Issue Price:**

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Purchasers of Notes issued at a discount to par should refer in particular to the rules related to Original Issue Discount (See “United States Taxation” below) as amended from time to time.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Supplement) and on redemption.

**Floating Rate Notes:**

Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID or LIMEAN (or such other Benchmark as may be specified in the applicable Supplement) as adjusted for any applicable margin. Interest Periods will be specified in the applicable Supplement.

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

**Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes:**

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

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late payment.

**Other Notes:**

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes, equity-linked Notes, index-linked Notes and any other type of Note that the Issuer, and any Dealer or Dealers may agree to issue under the Programme will be set out in the applicable Supplement.

**Redemption:**

The Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or, at the Issuer’s option, for taxation reasons) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving irrevocable notice (such notice period (if any) being indicated in the applicable Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Supplement. See Condition 5 for further details.

In addition the Issuer may at any time, by notice to Noteholders, redeem all but not some only of the Notes of any Series for the time being outstanding at the Market Price (as defined in the applicable Supplement) if, prior to the date of such notice, 90 per cent. or more in principal amount of the Notes of such Series hitherto issued have been redeemed.

The Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the applicable Supplement.

**Denomination of Notes:**

Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Supplement; provided that, in respect of any Registered Series, Rule 144A Notes (as defined in “Form of the Notes - Registered Notes”), shall be in minimum denominations of U.S.\$100,000 (or its equivalent in the currency in which such Notes are denominated, if different, rounded upwards as agreed between the Issuer and the relevant Dealers) and Restricted Notes (as defined in “Form of Notes - Registered Notes”) initially issued to Accredited Investors or issued upon exchange of interests in a Restricted DTC Global Certificate originally held pursuant to Regulation D under the Securities Act shall be in minimum denominations of U.S.\$500,000 (or its equivalent as aforesaid).

**Taxation:**

The Notes will not contain any provision that would oblige the Issuer to gross-up any amounts payable in respect of interest or principal in the event of any withholding or deduction for or on account of taxes levied in any jurisdiction (including the Netherlands and the United Kingdom).

**Status of Obligations:**

All Notes issued and other Obligations entered into under the Programme will be direct, unsecured and unsubordinated obligations of the Issuer ranking at all times *pari passu* and without any preference among themselves.

**Listing:**

The relevant Supplement in respect of the issue of any Notes will specify whether or not application will be made to list such Notes on the Luxembourg Stock Exchange or Euronext Amsterdam N.V. (or any other exchange).

**Governing Law:**

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

**Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”.

**Transfer Restrictions:**

There are restrictions on the transfer of Rule 144A Notes and Restricted Notes. See “Clearing and Settlement” and “Transfer Restrictions”.

**Clearing Systems:**

Euroclear, Clearstream, Luxembourg and Euroclear Netherlands for Bearer Notes; Euroclear, Clearstream, Luxembourg and DTC for Registered Notes. Notes represented by DTC Restricted Global Certificates are expected to be designated eligible for trading in Portal.

## **RISK FACTORS**

**Investors should be aware of the limited recourse nature of the Programme as more fully described in Condition 3(b).**

**An investment in the Notes may involve a high degree of risk. Potential investors should consider, in particular, any additional risk factors set out in the Supplement applicable to the relevant Series before making a decision to invest in the Notes of such Series.**

**The Issuer may, if so specified in the applicable Supplement, pay a Recovery Amount and/or deliver the relevant Reference Obligations in lieu of all payments of principal and interest in respect of the Notes, or, as the case may be, in lieu of that position of principal and interest in respect of the Notes as is specified in the applicable Supplement. Such Recovery Amount and/or Reference Obligations may, depending on market and other conditions, have a value less than the principal amount of the Notes and accrued interest.**

**Purchasers of Notes are fully responsible for making their own investment decisions. Purchasers of Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions including their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investment in the Notes. Purchasers of Notes should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Notes are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Obligor.**

**Purchasers of Notes should be aware that neither the Issuer, its affiliates nor any of its or their officers accepts any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Obligor.**

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Supplement, shall be applicable to the Notes in definitive form (if any) issued in respect of each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such definitive Bearer Notes or Certificates. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the agency agreement referred to below or the applicable Supplement. Those definitions will be endorsed on the definitive Bearer Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme. In addition to the terms and conditions set forth herein, prospective purchasers of Notes should consider, among other things, the information regarding the Notes set forth under “Form of the Notes” and “Clearing and Settlement” and the restrictions on transfer of the Notes set forth under “Transfer Restrictions”.*

The Notes are issued pursuant to an amended and restated Agency Agreement (as it may have been amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Agency Agreement”) dated 13 July 2004 between ING Bank N.V. (the “Issuer”, which expression shall include any Substitute pursuant to Condition 10(c)), JPMorgan Chase Bank as the original fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as it may have been amended or supplemented as at the Issue Date, the “Deed of Covenant”) dated 13 July 2004 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents, the exchange agent and the calculation agent(s) for the time being (if any) appointed pursuant to the Agency Agreement in respect of the relevant issue of Notes are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents”, the “Exchange Agent” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”). Each definitive Bearer Note may be issued in either standard euromarket form or, if the Notes are to be held in the book-entry system of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“Euroclear Netherlands”), in K-form or CF-form. Interest bearing definitive Notes in K-form will have Coupons and, if indicated in the applicable Supplement, Talons attached but will not be issued with Receipts attached. Interest bearing definitive Notes in CF-form will not have individual Coupons but Coupon sheets attached but will not be issued with Talons or Receipts attached. References in these Terms and Conditions to Coupons shall include Coupon sheets.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Denomination(s) shown in the applicable Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). For Notes held in the book-entry system of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“Euroclear Netherlands”) deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes. Any holders mentioned above include those having a credit balance in the collective depot held in respect of the Notes by Euroclear Netherlands or one of its participants.

## **2 Transfers of Registered Notes**

### **(a) *Transfer of Registered Notes:***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

### **(b) *Exercise of Options or Partial Redemption in Respect of Registered Notes:***

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made subject to the detailed

regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

**(c) *Delivery of New Certificates:***

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (c), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

**(d) *Transfer Free of Charge:***

Transfer of Registered Notes on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(e) *Closed Periods:***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### **3 Status and Limited Recourse**

**(a) *Status***

The Notes and the Receipts and Coupons relating to them constitute direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

**(b) *Limited Recourse***

The terms of any Series of Notes may provide that the Issuer may be entitled to (a) suspend, postpone or cancel its obligations to pay principal and interest on the Notes, (b) redeem the Notes in whole or in part at their Recovery Amount and/or (c) deliver any relevant Reference Obligations in lieu of any obligation to pay the Recovery Amount upon the occurrence of any event described in the Supplement relating to such Series. Such event may relate to:

- (i) a Credit Event (which may include a failure by any Reference Obligor to make any payments due in respect of any Reference Obligations, the default by the Reference Obligor in the payment of any other indebtedness in excess of a specified threshold amount, and the dissolution, insolvency, winding-up, liquidation or other analogous event in respect of any Reference Obligor); and/or
- (ii) a Tax Event (which may include the imposition of any withholding or deduction in respect of any payment to be made in respect of any Reference Obligation); and/or
- (iii) a Swap Termination Event (where any related hedge agreement is terminated early in accordance with its terms); and/or
- (iv) a Convertibility Event (which may include the general unavailability of an appropriate spot rate of exchange for any particular currencies or the inability of the Issuer, as a result of the imposition of any exchange controls relating to the currency in which the Reference Securities are denominated or otherwise, to convert amounts from one specified currency to another); and/or
- (v) the occurrence of any event specified in the applicable Supplement relating to any specified Market Price or Market Rate; and/or
- (vi) any other circumstance as provided in the applicable Supplement.

**Payment by the Issuer of any Recovery Amount and/or delivery by the Issuer of any Reference Obligations made in accordance with the provisions of the applicable Supplement shall satisfy the obligations of the Issuer with respect to the Notes of the relevant Series and Noteholders shall have no claim in respect of any amounts which would, but for the operation of the provisions of such Supplement, have been payable in respect of such Notes.**

#### **4 Interest and other Calculations**

**(a) *Interest Rate and Accrual:***

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date. For the purposes of these Conditions, "Relevant Date" means whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

**(b) *Business Day Convention:***

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business

Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

**(c) *Interest Rate on Floating Rate Notes:***

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
  - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
  - (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (iii) if paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro, in Europe as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the first day of the relevant Interest Accrual Period, for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

**(d) Interest Rate on Zero Coupon Notes:**

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(d)).

**(e) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (iii) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(f) Calculations:**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(g) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:**

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Interest Rate and calculate the amount of interest payable (the “Interest Amounts”) in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment

Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) Definitions:**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”) and/or
- (iii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual-ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be

considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and
- (vi) if “Actual/Actual-ISDA” is specified hereon,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon

“Interest Determination Date” means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is not euro or (ii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon

“Interest Rate” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Markets 3000 (“Reuters”) and the Bridge/Telerate (“Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

“Reference Banks” means the institutions selected in its absolute discretion by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant benchmark, shall be Europe)

“Relevant Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be Europe) or, if none is so connected, London

“Relevant Rate” means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the first day of the relevant Interest Accrual Period

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition “local time” means, with respect to Europe as a Relevant Financial Centre, Central European Time

“Representative Amount” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

“Specified Duration” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b)

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

**(i) Calculation Agent:**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such

or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5 Redemption, Purchase, Options and Physical Delivery**

### **(a) *Redemption by Instalments and Final Redemption:***

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or 5(f), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. Notes will only be redeemable or repayable in accordance with the provisions of this Condition 5 or Condition 9.

### **(b) *Mandatory Redemption:***

If so provided in the applicable Supplement upon the occurrence of a Credit Event, a Tax Event, a Swap Termination Event, or a Convertibility Event, or upon the occurrence of any other circumstance as provided in the applicable Supplement, the Issuer shall give not less than five days' notice to the Noteholders and on expiry of such notice shall redeem each Note in whole or, if so provided in the applicable Supplement, in part by the payment of the Recovery Amount or, if so provided in the applicable Supplement, the delivery of such Reference Obligations as are referred to therein in accordance with Condition 5(i) below.

### **(c) *Redemption for taxation and other reasons:***

If the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by the Netherlands law or English law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, then the Issuer shall forthwith give notice of such circumstance to Noteholders and the Swap Counterparty. In such event the Issuer may, but shall not be obliged to, on giving not more than 30 nor less than 15 days' notice to the Noteholders and the Swap Counterparty, and upon expiry of such notice, redeem all but not some

only of the Notes at their outstanding Redemption Amount together with any interest accrued to the date fixed for redemption.

Notwithstanding the foregoing, if any of the taxes referred to above arises (i) by reason of any Noteholder's connection with the Netherlands or the United Kingdom otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and all other Noteholders shall receive the due amounts payable to them.

**(d) *Early Redemption of Zero Coupon Notes:***

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or 5(c) or upon it becoming due and payable in accordance with Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

**(e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options:***

If so provided in the applicable Supplement, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder of such Registered Notes to be

redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. If the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

In addition to the foregoing options, the Issuer may at any time, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13, redeem all but not some only of the Notes for the time being outstanding at the Market Price if, prior to the date of such notice, 90 per cent. or more in principal amount of the Notes hitherto issued have been redeemed. For the purposes of this Condition 5(e), "Market Price" shall have the meaning given in the applicable Supplement.

**(f) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options:***

If so provided in the applicable Supplement, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(g) *Purchases:***

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

**(h) *Cancellation:***

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(i) *Physical Delivery:***

If so specified in the relevant Supplement, the Issuer may, in lieu of all payments of principal and interest on the Notes, be entitled to deliver, as specified in the relevant Supplement and subject further

to the provision of any related hedge termination costs as specified in such Supplement, any of the following:

- (i) the Reference Obligations or, as the case may be, those Reference Obligations in respect of which a Credit Event has occurred; or
- (ii) any obligations of the Reference Obligor, either directly or in its capacity as unconditional guarantor, that rank equal in priority of payment with the Reference Obligations and which are of equivalent value, in the absolute determination of the Calculation Agent, to the Reference Obligations.

Either the Issuer or any Noteholder may require that physical delivery take place through the use of a third party escrow agent. Any costs or expenses incurred in connection with establishing such escrow arrangement shall be borne by the party requiring such arrangement. If the Issuer exercises its option to deliver Reference Obligations or other obligations pursuant to this Condition 5(i) each Noteholder shall be obligated to notify the Issuer and the Fiscal Agent of the account to which such obligations are to be delivered in accordance with the procedures set out in the applicable Supplement.

So long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer shall cause notice of any early redemption pursuant to this Condition 5 to be given to Noteholders in accordance with Condition 13.

## 6 Payments

### (a) *Bearer Notes:*

#### (i) *Payments of Principal and Interest*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Bearer Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States and its possessions:

- (a) in respect of payments denominated in a Specified Currency other than U.S. dollars, at the option of the holder either by a cheque in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with a bank in the Relevant Financial Centre of such Specified Currency;
- (b) in respect of payments denominated in U.S. dollars, subject to Condition 6(a)(ii), at the option of the holder either by a U.S. dollar cheque drawn on a bank in New York City or by transfer to a U.S. dollar account maintained by the beneficiary with a bank outside the United States;
- (c) in respect of payments denominated in euro in a city in which banks have access to the TARGET System;
- (d) as may otherwise be specified on such Notes.

(ii) ***Payments in the United States***

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated in U.S. dollars may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (1) the Maturity Date of such Bearer Notes is not more than one year from the Issue Date for such Bearer Notes or (2) (a) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Bearer Notes in the manner provided above when due, (b) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (c) such payment is then permitted by United States law. If, under such circumstances, a Bearer Note is presented for payment of principal at the specified office of any Paying Agent in the United States or its possessions in circumstances where interest (if any is payable against presentation of the Bearer Note) is not to be paid there, the relevant Paying Agent will annotate the Bearer Note with the record of the principal paid and return it to the holder for the obtaining of interest elsewhere.

(iii) ***Payments on Business Days***

Subject as provided on a Note, if any date for payment in respect of any Bearer Note or Coupon comprising all or part of a Tranche is not a Relevant Business Day, the holder shall not be entitled to payment until the next following Relevant Business Day nor to any interest or other sum in respect of such postponed payment. In these Conditions “Relevant Business Day” means a day on which banks are open for business in the relevant place of presentation and:

- (a) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant Specified Currency, on which dealings may be carried on in the Relevant Financial Centre of such Specified Currency; or
- (b) (in the case of payment in euro) which is a TARGET Business Day; or
- (c) as may otherwise be specified in the applicable Supplement.

If the due date for redemption or repayment of any Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note. Interest accrued on a Bearer Note the interest basis for which is specified on such Note as Zero Coupon from its Maturity Date shall be payable on repayment of such Bearer Note against presentation thereof.

(iv) ***Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(v) ***Payments of Principal and Interest in respect of definitive Bearer Notes in CF-form***

Payments of principal in respect of any definitive Bearer Notes in CF-form will be made in the manner provided in paragraph (i) above only against surrender of definitive Notes together with the Coupon sheet attached. Payments of interest in respect of any definitive Bearer Notes in CF-form will be made in conformity with the agreement concluded between the Issuer and Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V. in Amsterdam (the “Obligatiekantoor”), under which agreement the Issuer has accepted the rules and regulations of the Obligatiekantoor.

(vi) ***Payments in respect of Notes held by Euroclear Netherlands***

In the case of Notes held by Euroclear Netherlands, payments will be effected through participants of Euroclear Netherlands. The Issuer shall deposit or cause to be deposited the funds intended for payment on the Notes to an account of Euroclear Netherlands. The Issuer will by such deposit be discharged of its obligations towards the Noteholders. No person other than the holder of the Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note. Euroclear Netherlands will be discharged of its obligation to pay by paying the relevant funds to the Euroclear Netherlands participants which according to Euroclear Netherlands’ records hold a share in the girodepot in respect of the Notes, the relevant payment to be made in proportion to the share the participant holds in the girodepot in respect of the Notes. Euroclear Netherlands shall not be obliged to make any payments in excess of funds it actually received as funds free of charges of any kind whatsoever.

(b) ***Registered Notes***

(i) ***Payments of Principal and Interest***

Payments of principal and interest in respect of Registered Notes will be made or procured to be made by the Fiscal Agent to the person shown on the Register at the close of business on (i), in the case of Notes held through DTC, the fifteenth DTC business day or (ii) in the case of all other Notes, the fifteenth day before the due date for payment thereof (the “Record Date”):

- (a) in respect of payments other than in euro, by cheque drawn on, or by transfer to an account in the Relevant Currency maintained by the payee with, a bank in the principal financial centre of such currency;
- (b) in respect of payments denominated in euro in a city in which banks have access to the TARGET System; or
- (c) as may otherwise be specified on such Notes,

subject in each case to Condition 6(b)(iii). For the purposes of this Condition 6(b), “DTC business day” means any day on which The Depository Trust Company (“DTC”) is open for business.

Payments of principal in respect of Registered Notes will only be made against surrender of the relevant Certificate at the specified office of any Transfer Agent. Upon application by the holder to the specified office of any Transfer Agent not less than 15 days before the due for any payment in respect of a Note, such payment will be made by transfer to an account maintained by the payee with a bank in the principal financial centre of the Relevant Currency. Details of the account to which a registered holder’s payments will be made

should be notified by the holder to the specified office of the Fiscal Agent before the Record Date preceding the relevant date for payment.

**(ii) *Payment Initiation***

Where payment is to be made by transfer to an account in the Relevant Currency, payment instructions (for value the due date, or if that is not a Relevant Business Day, for value the first following day which is a Relevant Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

**(iii) *Payments Through The Depository Trust Company***

Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 6(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes held through DTC and denominated in a currency other than U.S. dollars will be made or procured to be made by the Fiscal Agent in the Relevant Currency in accordance with the following provisions. The amounts in such Relevant Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Relevant Currency by wire transfer of same day funds to the designated bank account in such Relevant Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Relevant Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Relevant Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Relevant Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

**(iv) *Delay in Payment***

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Relevant Business Day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 6(b)(ii) arrives after the due date for payment.

**(v) *Payment Not Made in Full***

If the amount of principal or interest which is due on any Registered Note is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest, if any, in fact paid on such Registered Note.

(c) ***Payments Subject to Fiscal Laws:***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) ***Appointment of Agents:***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange (and if Certificates are issued and outstanding, in relation to Registered Notes, a Transfer Agent will also be maintained in Luxembourg), (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) ***Unmatured Coupons and Receipts and Unexchanged Talons:***

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

## **7 Taxation**

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld, or deducted.

## **8 Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **9 Events of Default**

If any one or more of the following events (each an “Event of Default”) shall have occurred and be continuing:

- (i) default is made for more than 30 days in the payment of interest or principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under Chapter 10 of the Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*) of the Netherlands; or
- (iv) an administrator shall be appointed or any order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes,

then any Noteholder may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Redemption Amount (or such other amount as may be specified in the applicable Supplement), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## **10 Meeting of Noteholders, Modifications and Substitution**

### **(a) *Meetings of Noteholders:***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than five per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than a clear majority, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Supplement in relation to such Series.

The provisions of this Condition 10(a) apply to each Series of Notes severally and any modification of the Conditions relating to any Series of Notes may also be effected by written resolution of all the Noteholders of such Series.

### **(b) *Modification of Agency Agreement:***

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) **Substitution:**

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the “Substitute”) that is a directly or indirectly wholly owned subsidiary of the Issuer, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “Deed Poll”), and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (v) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

## **11 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Paying and Transfer Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Registered Notes) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to “Issue Date” shall be to the first issue date of the Notes) and so

that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

### **13 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and so long as Registered Notes and/or Bearer Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

### **14 Contract (Rights of Third Parties) Act 1999**

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

### **15 Governing Law and Jurisdiction**

**(a) *Governing Law:***

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

**(b) *Jurisdiction:***

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**(c) *Service of Process:***

The Issuer irrevocably appoints the General Manager for the time being of its London Branch, currently at 60 London Wall, London EC2M 5TQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the

Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

## **USE OF PROCEEDS**

The net proceeds of any issue of Notes will be used by the Issuer for its general corporate purposes or as otherwise specified in the applicable Supplement.

## FORM OF THE NOTES

### Bearer Notes

Notes of each Tranche of a Bearer Series will initially be represented by a Temporary Global Note, or by a Permanent Global Note, each without Coupons, which will be deposited with either (i) a common depository on behalf of Clearstream, Luxembourg and Euroclear or (ii) Euroclear Netherlands on the relevant Issue Date. Interests in the Temporary Global Note will be exchanged in whole or in part either for interests in a Permanent Global Note representing Bearer Notes of the relevant Tranche or, if so specified in the applicable Supplement, for definitive Bearer Notes, in each case, not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant Issue Date, and, in the case of a Temporary Global Note deposited with Euroclear Netherlands, not later than 90 days after the relevant Issue Date, upon certification as to non-U.S. beneficial ownership.

Each Temporary Global Note, Permanent Global Note and any Bearer Note, Talon and Coupon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code.”

The following legend will appear on Global Notes held in Euroclear Netherlands:

“Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“Euroclear Netherlands”) at Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved.”

The following legend will appear on all definitive Notes in bearer form which are subject to the provisions of the Netherlands Savings Certificates Act of 21 May 1985 (“*Wet inzake spaarbewijzen*”) and which are not listed on the Amsterdam Stock Exchange:

“Each transaction regarding this Note which involves physical delivery thereof shall be registered in accordance with the provisions of the agreement of 2 February 1987 relating to the determination of a uniform code of conduct regarding savings certificates (“*spaarbewijzen*”) (the “Agreement”), unless (i) this Note qualifies as commercial paper or as a certificate of deposit (as referred to in the Agreement) and (ii) the transaction is between professional parties.”

The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

### *K-form and CF-form definitive Bearer Notes*

Each definitive Bearer Note may be issued in either standard euomarket form or, if the Notes are to be held in the book-entry system of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“**Euroclear Netherlands**”), in K-form or CF-form. Interest bearing definitive Notes in K-form will have Coupons and, if indicated in the applicable Supplement, Talons attached but will not be issued with Receipts attached. Interest bearing definitive Notes in CF-form will not have individual Coupons but Coupon sheets attached but will not be issued with Talons or Receipts attached.

### ***Summary of Provisions Relating to Bearer Notes while in Global Form***

Each Temporary Global Note and each Permanent Global Note will contain provisions which apply to the Bearer Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

- 1 *Exchange*: A Temporary Global Note is exchangeable in whole or in part either for interests in the Permanent Global Note representing Bearer Notes or, if so specified in the applicable Supplement, for definitive Bearer Notes, in each case, not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant Issue Date, and, in the case of a Temporary Global Note deposited with Euroclear Netherlands, not later than 90 days after the relevant Issue Date, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. A Permanent Global Note is exchangeable in whole but not in part (free of charge to the holder) for definitive Bearer Notes if the Permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by such holder giving notice to the Fiscal Agent. In case of a Permanent Global Note deposited with Euroclear Netherlands the applicable Pricing Supplement may specify that the Permanent Global Note shall not be exchangeable for definitive Bearer Notes.

On or after the Exchange Date (as defined below), the holder of the Permanent Global Note may surrender it to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bearer Notes (having attached to them all Coupons and Talons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 2 to the Agency Agreement.

“Exchange Date” means a day falling not less than 40 days (or in the case of Euroclear Netherland, 90 days) after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located.

- 2 *Payments*: No payments will be made on the Temporary Global Note unless an exchange for interests in the Permanent Global Note or for definitive Bearer Notes, as the case may be, is improperly withheld or refused. Payments of principal and interest in respect of Bearer Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bearer Notes, surrender of the Permanent Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bearer Notes.
- 3 *Notices*: So long as the Bearer Notes are represented by a Global Note and the Global Note is held on behalf of a clearing system (other than Euroclear Netherlands), notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders, except that so long as the Bearer Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).
- 4 *Prescription*: Claims against the Issuer in respect of principal and interest in respect of the Permanent Global Note will become prescribed unless the Permanent Global Note is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4(a)).

- 5 *Meetings*: The holder of the Permanent Global Note will (unless the Permanent Global Note represents only one Bearer Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of the amount which is equivalent to the lowest Denomination of Notes for which the Permanent Global Note may be exchanged.
- 6 *Purchase and cancellation*: Cancellation of any Bearer Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Permanent Global Note, and evidenced by the appropriate notation in the relevant schedule to such Permanent Global Note.

## **Registered Notes**

Notes of each Tranche of a Registered Series which are sold in an “offshore transaction” within the meaning of Regulation S (“Regulation S Notes”) will, at the Issuer’s option, initially be represented by (i) interests in one or more Unrestricted DTC Global Certificates, without interest coupons, deposited with and registered in the name of a nominee of, DTC on its (or their) Issue Date or (ii) interests in one or more Unrestricted Non-DTC Global Certificates, without interest coupons, deposited with, and registered in the name of a nominee of, a common depository for Clearstream, Luxembourg and Euroclear on its (or their) Issue Date, or (iii) by Certificates. Notes of such Tranche resold pursuant to Rule 144A (“Rule 144A Notes”) will, at the Issuer’s option, initially be represented by (i) interests in one or more Restricted DTC Global Certificates, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its (or their) Issue Date or (ii) interests in one or more Restricted Non-DTC Global Certificates without interest coupons, deposited with and registered in the name of a nominee of, a common depository for Clearstream, Luxembourg and Euroclear on its (or their) Issue Date; or (iii) by Certificates. Notes of each Tranche of a Registered Series which are sold to Accredited Investors (“Restricted Notes”) will, at the Issuer’s option, be represented by Certificates or by interests in a Restricted DTC Global Certificate held by a Dealer on behalf of the beneficial owner thereof. Rule 144A Notes and Restricted Notes will be subject to certain restrictions on transfer, and Restricted DTC Global Certificates, Restricted Non-DTC Global Certificates and Certificates evidencing Rule 144A Notes or Restricted Notes will bear a legend to such effect. See “Clearing and Settlement” and “Transfer Restrictions”.

Certificates will not be issued in exchange for interests in Global Certificates, except in certain limited circumstances. See “Clearing and Settlement”.

For a summary of certain provisions which apply to the Registered Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document, see “Clearing and Settlement”.

### *Transfer and Exchange of Certificates*

Upon the transfer, exchange or replacement of a Certificate evidencing Rule 144A Notes or Restricted Notes (a “Restricted Definitive Note”) and bearing the legend referred to under “Transfer Restrictions”, or upon specific request for removal of the legend on a Restricted Definitive Note, as the case may be, the Issuer will deliver only Restricted Definitive Notes that bear such legend or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a DTC Global Certificate for Certificates during the Closed Periods referred to in Condition 2(e). See “Terms and Conditions of the Notes”.

With respect to the registration of transfer of any Certificates which bear such legend as aforesaid, the Registrar will register the transfer of any such Certificates only if the transferor, in the form of transfer on such Certificates, has certified to the effect that such transfer is in compliance with such legend.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (an “Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC, or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **Notes held by Euroclear Netherlands**

Notes which are held in the book-entry system of Euroclear Netherlands will be delivered and the rights of Noteholders in respect thereof will be exercised in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). If a permanent Global Bearer Note is deposited with Euroclear Netherlands and the applicable Pricing Supplement specifies that the Permanent Global Bearer Note will not be exchangeable for definitive Notes in bearer form, the right to demand delivery under the Dutch Securities Giro Transfer Act is excluded.

## CLEARING AND SETTLEMENT

### **Book-Entry Ownership**

#### ***Bearer Notes***

The Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Bearer Series of Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a common depository for Clearstream, Luxembourg and Euroclear. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear.

The Issuer may also make applications to Euroclear Netherlands for acceptance of Bearer Notes in its book-entry system. Notes held in the book-entry system of Euroclear Netherlands will be delivered and the rights of Noteholders in respect thereof will be exercised in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

#### ***Registered Notes***

Regulation S Notes issued in global form will initially be in the form of an Unrestricted DTC Global Certificate or an Unrestricted Non-DTC Global Certificate. Rule 144A Notes issued in global form will initially be in the form of a Restricted DTC Global Certificate or a Restricted Non-DTC Global Certificate. Restricted Notes may, at the option of the Issuer, be initially in the form of interests in a Restricted DTC Global Certificate held by a Dealer on behalf of the beneficial owners thereof. Rule 144A Notes will be issued in minimum denominations of U.S.\$100,000 and Restricted Notes will be issued in minimum denominations of U.S.\$500,000 (or, in either case, its equivalent in the currency in which such Notes are denominated, if different, rounded upwards as agreed between the Issuer and the relevant Dealer(s)).

The Issuer and The Chase Manhattan Bank will make application to DTC for acceptance in its book-entry settlement system of the Regulation S Notes and the Rule 144A Notes represented by each Unrestricted DTC Global Certificate and each Restricted DTC Global Certificate. Each Unrestricted DTC Global Certificate will have a CINS number and each Restricted DTC Global Certificate will have a CUSIP number. Each Restricted DTC Global Certificate and Restricted Non-DTC Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Certificate, as set out under “Transfer Restrictions”. In certain circumstances, as described below in “Transfers of Registered Notes”, transfers of interests in a Restricted DTC Global Certificate and Restricted Non-DTC Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the DTC Global Certificates are deposited (the “Custodian”) and DTC will electronically record the principal amount of the Regulation S Notes and the Rule 144A Notes, as the case may be, held within the DTC system. Until the expiration of 40 days after the later of the commencement of the offering and the Issue Date of a Tranche of Notes, investors in Notes of such Series may hold their interests in a Global Certificate representing Regulation S Notes only through Clearstream, Luxembourg or Euroclear. Clearstream, Luxembourg and Euroclear will hold interests in an Unrestricted DTC Global Certificate on behalf of their account holders through customers’ securities accounts in Clearstream, Luxembourg’s or Euroclear’s respective names on the books of their respective depositories, which in turn will hold such interests in an Unrestricted DTC Global Certificate in customers’ securities accounts in the depositories’ names on the books of DTC. The Chase Manhattan Bank will initially act as depository for each of Clearstream, Luxembourg and Euroclear. Investors may hold their interests in a Restricted DTC Global

Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each DTC Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such DTC Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant DTC Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such DTC Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the DTC Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Certificates will be issued in exchange for interests in DTC Global Certificates only in certain limited circumstances described below.

Application will be made on behalf of the Issuer to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of Registered Notes. Notes represented by DTC Restricted Global Certificates are expected to be designated eligible for trading in Portal.

### **Exchange of Interests in DTC Global Certificates for Certificates**

Registration of title to Registered Notes of a Series initially represented by a DTC Global Certificate in a name other than DTC or a successor depository or one of their respective nominees (and receipt of Certificates with respect thereto) will not be permitted unless such depository notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the DTC Global Certificate, or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository.

In such circumstances, the Issuer will cause sufficient Certificates of such Series to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a DTC Global Certificate must provide the Registrar with:—

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates; and
- (ii) in the case of a DTC Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to Rule 144A Notes and Restricted Notes.

### **Transfers of Registered Notes in Global Form**

Transfers of interests in DTC Global Certificates within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of

some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a DTC Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a DTC Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Until the expiration of 40 days after the later of the commencement of the offering of a Series of Notes and the Issue Date therefor, beneficial interests in an Unrestricted DTC Global Certificate or an Unrestricted Non-DTC Global Certificate for such Series may be held only through Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in an Unrestricted DTC Global Certificate or an Unrestricted Non-DTC Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted DTC Global Certificate or, as the case may be, Restricted Non-DTC Global Certificate provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in “Subscription and Sale”) relating to the Notes represented by such Unrestricted DTC Global Certificate or, as the case may be, Unrestricted Non-DTC Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Thereafter, the Registrar will make the appropriate entries in the Register. Transfers at any time by a holder of any interest in a Restricted DTC Global Certificate or Restricted Non-DTC Global Certificate to a transferee who takes delivery of such interest through an Unrestricted DTC Global Certificate or, as the case may be, an Unrestricted Non-DTC Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant DTC Global Certificates.

Transfers at any time by a beneficial owner of an interest in a Restricted Note evidenced by a DTC Restricted Certificate will only be made by the Dealer holding such interest on behalf of such beneficial owner upon delivery to such Dealer of a certificate to the effect that such transfer is being made either (a) to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or (b) in compliance with the provisions of Regulation S.

Subject to compliance with the transfer restrictions applicable to Registered Notes described above and under “Transfer Restrictions” below, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected in DTC in accordance with DTC rules on behalf of Clearstream, Luxembourg or Euroclear, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Clearstream, Luxembourg or Euroclear, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or Euroclear, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant DTC Global Certificate, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg accountholders and Euroclear accountholders may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. However, as a result of time-zone differences, securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be credited to the relevant account at Clearstream, Luxembourg or Euroclear during the securities settlement processing day dated the business day (T+4) following the DTC settlement date. Similarly, cash received in Clearstream, Luxembourg or Euroclear as a result of a sale of securities by or through a Clearstream, Luxembourg or Euroclear accountholder to a DTC participant will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only on the business day (T+4) following the DTC settlement date. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of DTC Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in DTC Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant DTC Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant DTC Global Certificates for exchange for Certificates (which will, in the case of Rule 144A Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organization” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the DTC Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While DTC Global Certificates of any Series are lodged with DTC or the Custodian, Registered Notes of such Series represented by Certificates will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a nominee for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or holders of Notes represented by Certificates. The Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Paying Agent will also be responsible for ensuring that payments received by the Paying Agent from the Issuer for holders of interests in the Notes holding through DTC are credited to DTC. Payments to holders of Notes represented by Certificates will be made in accordance with the Conditions.

### **Pre-issue Trades Settlement**

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

## TRANSFER RESTRICTIONS

Each purchaser of Rule 144A Notes and each Accredited Investor purchasing Restricted Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, acknowledged and agreed, and each Accredited Investor will be required to execute an investment letter in which it will represent, acknowledge and agree that:

- (1) It (a)(i) is a qualified institutional buyer within the meaning of Rule 144A, (ii) is acquiring such Notes for its own account or for the account of one or more QIBs and (iii) is aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A or (b)(i) is an accredited investor as defined in Rule 501(a) of Regulation D under the Securities Act acquiring such Restricted Notes for its own account or for the account of one or more Accredited Investors for investment purposes, (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes, and (iii) is able to bear the economic risk of its investment.
- (2) It understands that the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands that such Notes, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Rule 144A Notes for the account of one or more QIBs, or any Restricted Notes for the account of one or more Accredited Investors, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- (5) It understands that the Rule 144A Notes or the Restricted Notes, as the case may be, may, at the Issuer's option, be represented by the Restricted DTC Global Certificate or a Restricted Non-DTC Global Certificate. Before any interest in the Restricted DTC Global Certificate or, as the case may be, Restricted Non-DTC Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted DTC Global Certificate or, as the case may be, Unrestricted Non-DTC Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (6) It acknowledges that (a) it has been afforded an opportunity to request from the Issuer and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of the information herein and the applicable Supplement; (b) it has not relied on any Dealer or any person affiliated with any Dealer in connection with its investigation of the accuracy of the information contained in this Offering Circular or the applicable Supplement or its investment decision; and (c) no person has been authorised to give any information or to make any representation concerning the Issuer or the Notes other than those contained in this Offering Circular and the applicable Supplement and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.
- (7) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that (1) either (a) it is not an employee benefit plan subject to the United States Employee Retirement Income Security Act of 1974, as amended, nor a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, nor an entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in that entity or a person otherwise investing "plan assets" of any such employee benefit plan or plan (each of the foregoing, a "Plan"), and it is not purchasing such Notes or any interest therein on behalf of, or with the assets of, a Plan, or (b) all or part of the assets to be used by it to purchase and hold such Notes constitute assets of one or more Plans, or such purchase and holding is on behalf of a Plan, and, in each such case, its purchase, holding and disposition of such Notes is covered by the exemptive relief provided by Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1, or 84-14, and (2) it will not sell or otherwise transfer such Notes other than to a purchaser or transferee that is deemed to represent and agree with respect to its purchase and holding of such Notes to the same effect as the purchaser's representation and agreement set forth in this sentence.

Each purchaser of Notes in reliance on Regulation S will be deemed to have represented and agreed as follows:

- (1) It is located outside the United States and is not a U.S. person (as defined in Regulation S) and it is not an affiliate of the Issuer or a person acting on behalf of such affiliate.
- (2) It understands that the Notes have not been and will not be registered under the Securities Act. It agrees, for the benefit of the Issuer, the Dealers and the Dealers' affiliates, that, if prior to the expiration of the Distribution Compliance Period relating to such Notes, it decides to resell, pledge or otherwise transfer such Notes purchased by it, any offer, sale or transfer of such Notes will be made in (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in compliance with the Securities Act in an offshore transaction in accordance with Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that (1) either (a) it is not an employee benefit plan subject to the

United States Employee Retirement Income Security Act of 1974, as amended, nor a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, nor an entity whose underlying assets include “plan assets” by reason of any such employee benefit plan’s or plan’s investment in that entity or a person otherwise investing “plan assets” of any such employee benefit plan or plan (each of the foregoing, a “Plan”), and it is not purchasing such Notes or any interest therein on behalf of, or with the assets of, a Plan, or (b) all or part of the assets to be used by it to purchase and hold such Notes constitute assets of one or more Plans, or such purchase and holding is on behalf of a Plan, and, in each such case, its purchase, holding and disposition of such Notes is covered by the exemptive relief provided by Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1, or 84-14, and (2) it will not sell or otherwise transfer such Notes other than to a purchaser or transferee that is deemed to represent and agree with respect to its purchase and holding of such Notes to the same effect as the purchaser’s representation and agreement set forth in this sentence.

- (4) With respect to any such Notes that are Registered Notes, it understands that prior to the expiration of the Distribution Compliance Period relating to such Notes, unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EITHER CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (5) It acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

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

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

## DESCRIPTION OF THE SUPPLEMENT

The Supplement relating to each Tranche will contain, inter alia, a description of the terms and conditions of the Notes of that Tranche insofar as such terms and conditions vary or supplement the terms and conditions set out in this Offering Circular. In particular, it will contain information under the following headings: (i) Series No.; (ii) Currency; (iii) Principal Amount of Series; (iv) Issue Date; (v) Denomination(s); (vi) Interest Commencement Date; (vii) Interest Basis, (viii) Business Day Convention; (ix) Redemption Amount (including early redemption); (x) Interest Payment Dates; (xi) Day Count Fraction; (xii) Recovery Amount; (xiii) Maturity Date; (xiv) Relevant Business Days; (xv) Credit Event (if any); (xvi) Tax Event (if any); (xvii) Swap Termination Event (if any); Convertibility Event (if any); and Market Price (if any). In respect of Zero Coupon Notes, it will contain the Amortisation Yield. In respect of Fixed Rate Notes, it will contain the Interest Rate. In respect of Floating Rate Notes, it will contain; (i) the Margin; (ii) the applicable rate (screen page, LIBOR or other); (iii) the Minimum Interest Rate (if any) and the Maximum Interest Rate (if any). If the screen page is the applicable rate, it will contain: (i) the Primary Source; (ii) the Relevant Time; and (iii) the Representative Amount. In respect of Notes with an Issuer's option or a Noteholder's Option, it will contain the relevant Option Period.

Furthermore, each Supplement will state: (i) whether the Notes to which it relates are issued in bearer or registered form; (ii) whether application has been made to list the Notes to which it relates on any stock exchange (and, if so, the stock exchange to which such application has been made); (iii) whether the issue of Bearer Notes is subject to the C Rules or the D Rules and, correspondingly, whether such Notes, on issue, will be represented by a Temporary Global Note or a Permanent Global Note; (iv) whether the Notes to which it relates have been accepted for clearance through Euroclear, Clearstream, Luxembourg, DTC or any other clearance system; (v) the Common Code (if any), the International Securities Identification Number, the CUSIP Number (if any) and the CINS Number (if any) that has been allocated to the Notes to which it relates; (vi) a table showing the capitalisation of the Company at or about the date of the Supplement in respect of any Notes which are to be listed on any stock exchange.

The Form of Supplement is set out below:

## **Form of Supplement**

**ING Bank N.V. (a company incorporated with limited liability in the Netherlands and  
having its statutory seat in Amsterdam)**

U.S.\$[ ]100,000,000  
Limited Recourse Obligations

**SERIES NO: [ ]**  
**TRANCHE NO: [ ]**  
**[Brief Description and Amount of Notes]**

Issue Price: [ ] per cent

**[Publicity Name(s) of Dealer(s)]**

The date of this Supplement is [ ].

This Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Offering Circular (the “Offering Circular”) dated 13 July 2004 issued in relation to the U.S.\$12,000,000,000 Limited Recourse Obligation Programme of ING Bank N.V. (the “Issuer”). Terms defined in the Offering Circular have the same meaning in this Supplement. The Notes will be issued on the terms of this Supplement read together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

This Supplement does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of anyone to subscribe or purchase any of the Notes.

[Set out any additions or variations to the selling restrictions.]

[Set out any specific requirements of Euronext Amsterdam N.V.]

[Set out any Investment Considerations.]

[Set out U.S. legends from Offering Circular if appropriate.]

[Except as disclosed in this document, there/There \*has been no significant change in the financial or trading position of the Issuer or of the Group since [date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer or of the Group since [date of last published annual accounts].

[Signed:

Director]

[In connection with this issue, [name of Stabilising Agent], or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no obligation on [name of Stabilising Agent] or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

\*N.B. If any such change is disclosed in the Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular [comprising supplementary listing particulars] rather than in a Supplement.

\*\*Delete if there is no Stabilising Agent.

The terms of the Notes and additional provisions relating to their issue are as follows:

**Provisions appearing on the face of the [Notes/Certificates]**

- |   |                                  |     |
|---|----------------------------------|-----|
| 1 | Series No (*):                   | [ ] |
| 2 | Tranche No (*):                  | [ ] |
| 3 | Currency (*):                    | [ ] |
| 4 | Principal Amount of Tranche (*): | [ ] |
| 5 | Issue Date (*):                  | [ ] |

**Provisions appearing on the back of the [Notes/Certificates]**

- |    |   |   |
|----|---|---|
| 6  | Form (*):   | [Registered only/Bearer only]   |
| 7  | Denomination(s) (*):  | [ ]   |
| 8  | Interest Commencement Date (* - other than Zero Coupon Notes):                      | [ ]   |
| 9  | Interest Rate (including after Maturity Date) (*):                                  | [[ ] per cent per annum/Floating Rate/Zero Coupon/[other]]  |
| 10 | Interest Payment Date(s) (* - other than Zero Coupon Notes):                        | [ ]], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [ ] months after the previous Interest Payment Date (or, in the case of the first Interest Payment Date, after the Interest Commencement Date), subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]] |
|    | <b>N.B. Interest Payment Dates should only be adjusted for Floating Rate Notes.</b> |   |
| 11 | Relevant Time (Floating Rate Notes):  | [ ]   |
| 12 | Interest Determination Date (Floating Rate Notes):                                  | [TARGET] [ ] Business Days in [specify city] for [specify currency] prior to] [the first day in each Interest Period/each Interest Payment Date]  |
| 13 | Primary Source for Floating Rate (* - Floating Rate Notes):                         | [specify relevant screen page]  |
| 14 | Relevant Financial Centre (Floating Rate Notes):                                    | [The financial centre most closely connected to the Benchmark - specify if not London]  |
| 15 | Benchmark (* - Floating Rate Notes):  | [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]  |
| 16 | Representative Amount (Floating Rate Notes):  | [Specify if screen quotes are to be given in respect of a transaction of a specified notional amount]   |
| 17 | Relevant Currency (Floating Rate Notes):  | [Specify if not currency of denomination]   |

- 18 Effective Date (Floating Rate Notes): [Specify if quotes are not to be obtained with effect from commencement of Interest Period]
- 19 Specified Duration (Floating Rate Notes): [Specify period for quote, if not duration of Interest Period]
- 20 Margin (if applicable): [ ] per cent per annum
- 21 Rate Multiplier (if applicable): [ ]
- 22 Maximum/Minimum Interest Rate (if applicable): [ ] per cent per annum
- 23 Maximum/Minimum Instalment Amount (if applicable): [ ]
- 24 Maximum/Minimum Redemption Amount (if applicable): [ ]
- 25 Interest Amount (Fixed Rate Note or Variable Coupon Amount Note): [Specify amount of interest due in respect of each Denomination on each Interest Payment Date or, if applicable, a formula for calculating such amounts]
- 26 Day Count Fraction (\*): [ ]
- 27 Interest Period Date(s) (if applicable): [ ], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [ ] months after the previous Interest Period Date (or, in the case of the first Interest Period Date, after the Interest Commencement Date), subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]]
- N.B. Interest Period Dates should only be adjusted for Floating Rate Notes.**
- 28 Redemption Amount (including early redemption) (\*): [Principal Amount/[other]]
- 29 Maturity Date (\*): [ ], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [The Interest Payment Date falling in [specify month and year]]
- N.B. The Maturity Date should only be adjusted for Floating Rate Notes.**
- 30 Redemption for Taxation Reasons permitted on days other than Interest Payment Dates (\*): [Yes/No]
- 31 Amortisation Yield (Zero Coupon Notes): [ ] per cent per annum
- 32 Terms of redemption at the option of the Issuer or description of any other Issuer's option (if applicable): [ ]
- 33 Issuer's Option Period (if applicable): [ ]
- 34 Terms of redemption at the option of the Noteholders or description of any other Noteholders' option (if applicable): [ ]

- 35 Credit Event (if applicable):
- 36 Tax Event (if applicable):
- 37 Swap Termination Event (if applicable):
- 38 Convertibility Event (if applicable):
- 39 Market Price or Market Rate (if applicable):
- 40 Definition of “Market Price” for the purposes of Condition 5(d): “Market Price” means
- 41 Noteholders’ Option Period (if applicable):
- 42 Instalment Date(s) (if applicable):
- 43 Instalment Amount(s) (if applicable):
- 44 Unmatured Coupons to become void upon early redemption (\*):  [Yes/No]
- 45 Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable):  [No/Yes, maturing every  Interest Payment Dates]
- 46 Relevant Business Day ) (jurisdictions required to be open for payment) (\*):
- 47 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a) (if applicable):
- 48 Details of any other additions or variations to the Conditions (if applicable):
- 49 The Agents appointed in respect of the Notes are (\*):  [List Agents and their specified offices]
- Provisions applicable to Global Notes and Certificates**
- 50 Applicable TEFRA exemption:  [D Rules/C Rules/not applicable]
- 51 Temporary Global Note exchangeable for Definitive Notes:  [specify, if yes]
- 52 Permanent Global Note exchangeable for Definitive Notes at the request of the holder:  [specify, if yes]
- Provisions for Bearer Notes**
- 53 Exchange Date  [None/Date]
- 54 Permanent Global Note  [Yes/No/ Yes the Notes will initially be represented by interest in a Temporary Global Note. Interest in the Temporary Global Note will be exchangeable, in whole or in part, for the interest in a Permanent Global Note not earlier than the Exchange Date, upon certification as to non-U.S. beneficial ownership.]
- 55 Definitive Bearer Notes  Yes/No
- Provisions for Registered Notes**
- 56 Individual Certificates available on Issue Date  Yes/No

<b>57</b>	Unrestricted DTC Global Certificate and Restricted DTC Global Certificate available on Issue Date	Yes/No
<b>58</b>	Unrestricted Non-DTC Global Certificate and Restricted Non-DTC Global Certificate available on Issue Date	Yes/No
<b>59</b>	Rule 144A Eligible	Yes/No
<b>60</b>	Accredited Investor Eligible	Yes/No
<b>61</b>	Portal Eligible	Yes/No
<b>Provisions relating only to the sale and listing of the Notes</b>		
<b>62</b>	Details of any additions or variations to the selling restrictions:	[ ]
<b>63</b>	Listing:	[ ]
<b>64</b>	Issue Price:	[Price]
<b>65</b>	Dealer's Commission:	[ ]
<b>66</b>	Method of issue of Notes:	[Individual Dealer/Syndicated Issue]
<b>67</b>	The following Dealer(s) [is/are] subscribing the Notes:	[Insert legal name(s) of Dealer(s)]
<b>68</b>	Codes:	
	(a) Common Code:	[Number]
	(b) ISIN	[Number]
	(c) CUSIP	[Number]
	(d) CINS	[Number]
	(e) OTHER	[Specify]
<b>69</b>	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [ ], producing a sum of (for Notes not denominated in U.S. dollars):	U.S.\$[ ]
<b>70</b>	Details of any additions or variations to the Dealer Agreement:	[ ]
<b>71</b>	Details of any additional Selling Restrictions:	[Insert the restrictions relating to the Currency of the Notes or the jurisdiction(s) in which Notes are to be offered if not contained in, or varied from the Offering Circular]
<b>72</b>	Information related to the underlying value of the Notes (for Luxembourg Stock Exchange and/or Euronext Amsterdam listed notes only):	[ ]
<b>73</b>	Net Proceeds (for Euronext Amsterdam listed Notes only):	[ ]
<b>74</b>	Effective Yield (for Euronext Amsterdam listed Notes only):	[ ]

[If Notes will be listed on Euronext Amsterdam or offered to the public in the Netherlands, set out any additional Netherlands tax paragraph.]

## **ING BANK N.V.**

### **Profile**

ING Bank N.V. is part of ING Groep N.V., also called ING Group. ING Group is the holding company of a broad spectrum of companies (together called ING), offering banking, insurance and asset management products to 60 million private, corporate and institutional clients in more than 50 countries. Originating from the Netherlands, ING now has a workforce of almost 115,000 people worldwide. ING Group is a listed company and holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group.

ING Bank N.V. is represented in more than 50 countries around the world through a large network of subsidiaries, offices and agencies. It offers its commercial and retail customers a full range of banking and financial services, including lending, stockbroking, insurance broking, fund management, leasing, factoring, investment banking and the provision of funds for venture capital purposes.

ING Bank N.V. is with more than 60,000 people active through several business units, among others ING Bank, Postbank, CenE Bankiers and Regio Bank in the Netherlands and mainly ING Direct, ING Belgium (formerly known as BBL), ING BHF-BANK, ING Bank Slaski (participation of 88%), ING Wholesale and ING Real Estate outside the Netherlands.

### **Incorporation and history**

ING Bank N.V. was incorporated under Dutch law in the Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank nv, also known as NMB Bank.

On 4 October 1989 NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991 NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensures a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remain legally separate. After interim changes of names the statutory names of the above mentioned companies have been changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

The registered office is at Amstelveenseweg 500 (ING House), 1081 KL Amsterdam, the Netherlands. ING Bank N.V. is registered at the Chamber of Commerce of Amsterdam under no. 33031431. The articles of association were last amended by notarial deed executed on 22 August 2003. According to its articles of association, the object of the company is to participate in, manage, finance, furnish personal or real security for the obligations of and provide services to other enterprises and institutions of any kind, to conduct banking business in the widest sense, including insurance brokerage, to acquire, build and operate real estate, and to engage in any activity which may be related or conducive to the foregoing.

### **Supervisory Board and Executive Board**

ING Bank has a two-tier board system, consisting of a Supervisory Board and an Executive Board. The Supervisory Board consists of independent non-executives. Its task is to supervise the policy of the Executive

Board and the general course of events in the company and to assist the Executive Board by providing advice. The Executive Board is responsible for the daily management of the company. Their composition is as follows:

- Supervisory Board: Alexander Rinnooy Kan (Chairman), Anneke van Doorne-Huiskes, Kees Izeboud, Eli Leenaars, Hanja Majj-Weggen, Rudy van der Meer;
- Executive Board: Diederik Laman Trip (Chairman), Dick Boot, Henk Kruidenier, Hans van der Noordaa, Ludo Wijngaarden, Jan Zegeering Hadders

The business address of all members of the Supervisory Board and Executive Board is: ING Bank N.V., Amstelveenseweg 500 (ING House), P.O. Box 810, 1000 AV Amsterdam, The Netherlands.

## FIVE YEARS KEY FIGURES ING BANK

amounts in millions of euros

<b>Balance sheet</b>	<b>2003</b>	2002	2001	2000	1999
Group equity	<b>15,890</b>	15,836	16,546	16,104	14,010
Group capital base	<b>31,687</b>	30,244	28,819	26,393	22,693
Deposits and funds borrowed <sup>(1)</sup>	<b>482,280</b>	418,875	386,087	349,349	303,003
Loans and advances	<b>293,987</b>	284,638	255,892	247,440	205,834
Total assets	<b>541,594</b>	477,111	443,356	406,393	349,618
BIS ratio	<b>11.34%</b>	10.98%	10.57%	10.75%	10.38%
Tier-1 ratio	<b>7.59%</b>	7.31%	7.03%	7.22%	7.02%
<b>Results</b>					
Total income	<b>11,508</b>	11,036	10,989	11,958	10,469
Operating expenses	<b>8,272</b>	8,376	8,282	8,860	7,426
Value adjustments to receivables	<b>1,125</b>	1,435	750	400	580
Value adjustments to financial fixed assets	<b>- 48</b>	136			
Additions to the Fund for general banking risks	<b>140</b>	140	140	140	114
Result before taxation	<b>2,019</b>	949	1,817	2,558	2,349
Taxation	<b>520</b>	272	426	732	613
Result after taxation	<b>1,499</b>	677	1,391	1,826	1,736
Net profit for the period	<b>1,440</b>	638	1,363	1,781	1,696

(1) Including Banks, Funds entrusted and Debt securities

## MAIN DEVELOPMENTS IN 2003

### Operating environment

The economic and political environment in which ING Bank operates has been turbulent. The SARS epidemic caused much unrest. The war in Iraq puts international political relations on the edge. Scandals continued at various large corporations. In 2003 financial markets initially remained volatile, which undermined the confidence of individuals and businesses. Against the end of the year there were signs of a

recovery on the stock exchanges and a modest economic revival. In this environment, ING Bank opted to put value before growth. ING Bank has focussed on existing businesses, paid a lot of attention to cost containment and gave high priority to risk management. These efforts, combined with a focus on improving the overall service towards the client, led to good results.

### **The Netherlands**

In the Netherlands, the various ING companies continued their integration to one organisation ING Netherlands, albeit still functioning under different brand names. This reorganisation created extra incentives to help promote products and services of sister companies. It also stimulated the transfer of best practices. Postbank added a new service for its clients with the creation of a mortgage sales force in January 2003. In the spirit of ING's click-call-face strategy this new sales force introduced 'the face' in this attractive but competitive market. This initiative allowed Postbank to boost the sale of mortgages to a total amount of EUR 6.0 billion.

Since 1 January 2003, the majority of the employees in the Netherlands is employed by the ING Personeel VOF, a joint venture between ING Bank and ING Insurance. This has been done to standardise the employment conditions of ING Bank and ING Insurance in the Netherlands and to facilitate labour mobility between ING Bank and ING Insurance. ING Personeel VOF invoices the direct remuneration costs of ING Personeel VOF employees working for ING Bank at cost price.

### **Rest of Europe**

In Belgium, Bank Brussel Lambert changed its name to ING Belgium in April 2003, concluding an 18-month process to familiarise customers and employees with the new brand. At ING Bank France a restructuring plan was implemented with a view to adapting the cost structure to new market conditions and to restore the company's profitability. For the fifth consecutive year ING Bank received the award for 'Best Cash Management Bank in Eastern Europe'. The developing Central-European countries were affected by the strong economic headwind in 2003. This caused ING Bank to take the necessary steps to control costs. At ING Bank Slaski in Poland this implied a major restructuring, leading to the redundancy of 760 employees, ten percent of the total staff.

### **ING Direct**

In 2003 ING Direct became profitable for the first time. Seven years ago ING Direct started from scratch in Canada. Today ING Direct has 8.5 million clients and funds entrusted of over EUR 99 billion. It is active in eight countries and reported a net profit of EUR 151 million in 2003. The strategy of ING Direct is to be a low-cost provider of financial services in large mature markets by offering its clients best value for money and excellent service via call-centres and the Internet. The direct channels are supported by the ING Direct cafés, which can be found in a number of large cities in the countries in which ING Direct operates.

## Key figures and highlights ING Bank N.V. 2003

Key figures (in millions of euros)	2003	2002	% Change
Income	<b>11,508</b>	11,036	4.3
Operating expenses	<b>8,272</b>	<u>8,376</u>	- 1.2
Gross result	<b>3,236</b>	2,660	21.7
Value adjustments to receivables	<b>1,125</b>	1,435	- 21.6
Value adjustments to financial fixed assets	<b>- 48</b>	136	
Addition to Fund for general banking risks	<b>140</b>	<u>140</u>	0.0
Result before taxation	<b>2,019</b>	949	112.8
Net profit	<b>1,440</b>	638	125.7
(in billions of euros)	<b>Year-end 2003</b>	Year-end 2002	
Total assets	<b>541.6</b>	477.1	13.5
Shareholders' equity	<b>14.9</b>	14.7	1.4
Bank lending	<b>294.0</b>	284.6	3.3

### Net profit and result before taxation

The *net profit* of ING Bank N.V. improved strongly by 125.7% from EUR 638 million in 2002 to EUR 1,440 million in 2003. The *profit before taxation* rose by EUR 1,070 million (+112.8%) to EUR 2,019 million. The strong improvement was for EUR 310 million caused by lower value adjustments to receivables (in 2002 high among others due to the National Century Financial Enterprises loan loss provisioning in the fourth quarter of 2002). Furthermore, value adjustments to financial fixed assets turned from a loss of EUR 136 million in 2002 to a profit of EUR 48 million in 2003 showing a recovery of the fair value of shares in the investment portfolio and of participating interests. The gross result (i.e. total income minus operating expenses) increased strongly by EUR 576 million or 21.7%. Although 2002 income was boosted by an exceptional one-off gain of EUR 94 million on the sale of Cedel-shares, total income in 2003 rose by EUR 472 million or 4.3%. The increase was on balance caused by a EUR 473 million higher interest result as a result of increased volumes (notably ING Direct) and a higher average interest margin in the Netherlands. Total operating expenses decreased by EUR 104 million or 1.2%. Included in the expenses are restructuring provisions of respectively EUR 128 million in 2002 (for the international wholesale banking activities) and EUR 82 million in 2003 (whereof EUR 30 million for ING BHF-Bank, EUR 15 million for ING Bank France and EUR 37 million for the international wholesale banking activities).

Both income and expenses were furthermore affected by the appreciation of the euro against most currencies. Excluding currency fluctuations and the acquisition of Toplease and ING Vysya Bank in 2002, profit before taxation rose organically by 107.8% (income +7.2%, operating expenses +1.2%).

Most banking units reported improved results. The result before taxation of ING Direct turned from a loss of EUR 48 million in 2002 to a profit of EUR 151 million this year. The main driver of this success was the increasing number of customers and funds entrusted resulting in a strong growth of the interest result. The ING Direct operations in Canada, Australia, USA, Spain and Germany reported profits for the full year. Although slightly improved compared with prior year, the result of ING BHF-Bank is still far from break-even, mainly due to continued high risk costs.

## Interest

The *interest result* increased substantially by EUR 473 million or 6.3% to EUR 7,951 million, due to a higher average balance sheet total, notably caused by the continued strong growth of ING Direct (with an interest margin of approximately 1%). In the Netherlands the interest margin improved by 13 basis point to 1.93%, mainly due to higher product margins. The total interest margin, however, decreased by 4 basis points to 1.55%. This is fully caused by the increased stake of the balance sheet total outside the Netherlands (mainly triggered by ING Direct), with a substantially lower interest margin than within the Netherlands.

At the end of December 2003, *bank lending* (loans and advances) was EUR 9.3 billion or 3.3% higher compared with year-end 2002. The depreciation of most currencies against the euro had a negative impact of EUR 5.5 billion on the development. In 2003, corporate bank lending decreased by EUR 4.2 billion, while personal lending (mainly residential mortgages) rose by EUR 13.4 billion.

*Funds entrusted* rose by EUR 60.7 billion or 24.6% to EUR 307.8 billion at the end of 2003. The increase was to a large extent caused by the continued strong growth of ING Direct.

## Income from securities and participating interests

*Income from securities and participating interests* dropped from EUR 197 million in 2002 to EUR 138 million. Last year's figure included an exceptional profit of EUR 94 million on the sale of Cedel shares.

## Commission income

Total *commission* decreased by EUR 151 million to EUR 2,464 million (- 5.8%). Commission from securities business dropped by EUR 66 million (- 9.0%) due to the lower activity level on the stock markets. The continued reluctance of (private) clients to invest in securities also led to a decline in management fees (- 13.7%) and brokerage and advisory fees (- 25.9%). Funds transfer commission and insurance broking commission were slightly lower. The 23.1% increase in 'other' commission can be mainly attributed to the international wholesale banking units.

<b>Commission</b> (in millions of euros)	<b>2003</b>	2002	% change
Funds transfer	<b>587</b>	592	-0.8
Securities business	<b>665</b>	731	-9.0
Insurance broking	<b>115</b>	117	-1.7
Management fees	<b>594</b>	688	-13.7
Brokerage and advisory fees	<b>146</b>	197	-25.9
Other	<u><b>357</b></u>	<u>290</u>	23.1
Total	<b>2,464</b>	2,615	-5.8

## Results from financial transactions

On balance, *results from financial transactions* increased by EUR 108 million (+23.8%) to EUR 562 million, but there are strong fluctuations between the separate lines, which are to a large extent interrelated. The increase of the total results from financial transactions can be mainly attributed to ING BHF-Bank, ING Furman Selz (mainly lower losses on seed capital) and ING Bank Netherlands. The two main contributors to the results from financial transactions (i.e. the international wholesale banking units and ING Belgium) both realised only slightly higher results compared with 2002. The strong decrease of the results from currency

trading was more than compensated by higher other results from financial transactions, especially related results from derivatives trading.

<b>Results from financial transactions</b> (in millions of euros)	<b>2003</b>	2002	% change
Result from securities trading portfolio	<b>226</b>	201	+ 12.4
Result from currency trading portfolio	<b>46</b>	242	- 81.0
Other	<b><u>290</u></b>	<u>11</u>	
Total	<b>562</b>	454	+ 23.8

### **Other revenues**

Compared with 2002, *Other revenue* rose by EUR 101 million or 34.6% to EUR 393 million, to a large extent caused by higher results from real estate (especially in the fourth quarter of 2003). It should be noted that Other revenue in 2002 was relatively low due to one-off losses relating to operational problems in car leasing and securities brokerage at ING Bank.

### **Operating expenses**

Total *operating expenses* decreased by EUR 104 million (-1.2%) to EUR 8,272 million. Organically, i.e. excluding currency fluctuations and the consolidation of Toplease and ING Vysya Bank, expenses increased by EUR 94 million or 1.2%. This indicates that ongoing cost control measures as well as the restructuring and integration efforts were offset by a growth in expenses. This expense growth was a result of the ongoing expansion of ING Direct, higher pension costs, accelerated depreciation of capitalised software, and the new collective labour agreement in the Netherlands.

However, also abstracted from the restructuring provisions created in 2002 and 2003 (EUR 128 million and EUR 82 million respectively) and the continuously expanding ING Direct (expenses rose by EUR 214 million at comparable exchange rates) expenses decreased by 1.0%. On a comparable basis, i.e. organically and excluding restructuring provisions and ING Direct, personnel expenses decreased by EUR 62 million or 1.4%. A reduction of the average headcount by 3,400 full-timers, lower stock option expenses and lower expenses for third-party staff more than offset the impact of the collective labour agreement and higher pension costs. Other expenses were 0.4% lower.

The *efficiency ratio* (total operating expenses as a percentage of total income) improved from 75.9% in 2002 to 71.9% in 2003.

### **Loan-loss provision**

In 2003, the *value adjustments to receivables* amounted to EUR 1,125 million, a decrease of EUR 310 million compared with the high level in 2002 (EUR 1,435 million; high among others due to the National Century Financial Enterprises provisioning in the fourth quarter of 2002). The addition equalled 46 basis points of average credit risk weighted assets, against 59 basis points in 2002. In the fourth quarter 2003, ING Bank added EUR 270 million to the provision for loan losses, a EUR 30 million increase compared with the third quarter 2003. Included in the fourth quarter addition are a provision for Parmalat and an extra addition for NMB Heller's credit portfolio.

## **OUTLOOK FOR 2004**

ING Bank will not give an outlook for full-year profit. The Executive Board sees signs of improvement in the major economies where ING is active, although Europe is lagging behind. Risk costs and credit losses are going down. However, the performance of the major stock markets is still uncertain for this year. The low-interest-rate environment continues to affect some of our businesses. A sharp increase would also create its own challenges.

ING Bank's top priorities will be to strive for excellence in servicing our clients in mature and developing markets, to further improve the capital position, to allocate capital as efficiently as possible, to be firm on the cost side, and to continue the policy of active portfolio management.

## **STAFF**

### **Number of staff continued to increase**

The average number of staff (full-time equivalents) increased by 2,197 to 63,386 in 2003. In the Netherlands, the average number of staff decreased by 753 to 21,886, while the average number of staff outside the Netherlands rose by 2,950 to 41,500. Excluding the consolidation of ING Vysya Bank and Toplease and excluding the continuously expanding ING Direct, the total average number of staff decreased by approximately 3,400 full-time equivalents in 2003.

## **RISK MANAGEMENT**

### **Balancing risk, return and capital**

Because of the size of ING Bank, its wide diversity of activities, types of clients and geographic regions, ING Bank has comprehensive risk management procedures on all levels, which enable the Bank to control and monitor risks and the accumulation of risks. The risk governance and systems of controls in use ensure management that risks are measured, monitored and reported adequately and effectively.

### **Risk Adjusted Return on Capital (RAROC)**

ING Bank uses the RAROC framework to consistently measure performance on a risk-adjusted basis (which is linked to shareholder-value creation). RAROC is calculated as the risk adjusted return divided by economic capital. The risk adjusted return is based on similar valuation principles as applied in the annual accounts, with two important exceptions:

1. the actual credit risk provisioning is replaced by expected losses reflecting statistically calculated average credit losses over the entire economic cycle
2. the Profit and Loss account is adjusted for effects that relate to replacing actual book capital by economic capital.

ING Bank continues to develop and refine the models supporting the RAROC calculations. ING Direct – with a RAROC of 14.1% in 2003 – is still excluded in the following figures. The total (pre-tax) RAROC figure for 2003 (excluding ING Direct) was 17.6%, a strong improvement compared to 2002 (13.2%) and only slightly below the hurdle of 18.5%. Next to a higher economic return, the improvement was caused by a lower economic capital, which decreased by EUR 1.7 billion to EUR 12.8 billion. The decrease was due to a methodology refinement for business and operational risk, as well as lower credit and transfer risk capital. Compared to 2002, the RAROC of the wholesale activities improved by 2.4%-point to 12.5%. The already good RAROC of the retail activities improved further from 26.4% in 2002 to 35.8% in 2003.

## Credit risk

The credit exposure of ING Bank is mainly related to traditional lending to private individuals and businesses. Loans to private individuals are mainly mortgage loans secured by residential property. Loans to businesses are often collateralised but can be granted on an unsecured basis if supported by internal analysis of the borrowers' creditworthiness. Credit exposure arises also from our trading activities for instance in derivatives, repurchase transactions and securities lending/borrowing.

The credit portfolio is under constant review. A formal analysis takes place on a quarterly basis to determine the provisions for possible bad debts, using a bottom-up approach. ING Bank is of the opinion that its loan loss provisions as of 31 December 2003 are adequate to absorb losses from ING Bank's credit-risk-taking activities. The table below shows the regional specification of the addition to the provision for loan losses.

### Additions to the provision for loan losses ING Bank (based on risk country) (1)

amounts in millions of euro

	2003	2002
Netherlands	352	236
Belgium	114	53
Rest of Western Europe	410	352
Central and Eastern Europe	94	80
North America	194	497
Latin America	-18	167
Asia	-31	3
Other	10	47
<b>Total additions</b>	<b>1,125</b>	<b>1,435</b>

(1) The regions are related to the risk country of the underlying credit risk.

In countries where ING is active, the risk profile is regularly evaluated, resulting in a country rating. Based on this rating and ING's risk appetite, country-risk limits are defined. Country-risk limits are assigned for transfer risk, generally only in developing markets. The amount of developing-markets transfer risk as a percentage of total retail and wholesale lending activities decreased from 6.0% in 2002 to 4.6% in 2003. Exposure is closely monitored for economic country risks, although no formal limits are established. The next table shows the largest economic country risks.

### Risk classes ING Bank in % of total outstandings (1)

	2003	2002	Moody's equivalent	S&P'S equivalent
Investment Grade: 1-10	57.1%	46.5%	Aaa - Baa3	AAA - BBB-
Speculative Grade: 11-17	41.2%	51.7%	Ba1 - C	BB+ - C
Problem Grade: 18-22	1.7%	1.8%	D	D
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		
	%	%		

(1) Based on retail & wholesale lending activities and investments.

## Largest economic exposures by country (1)

*in billions of euros*

	2003	2002
Netherlands	183.5	145.4
United States	50.4	67.4
Germany	49.4	43.1
United Kingdom	47.1	36.0
Belgium	41.1	25.3
France	24.6	24.0
Spain	19.2	10.1
Canada	12.3	9.0
Italy	11.8	6.3
Australia	11.0	7.3

(1) Only covers exposures in excess of EUR 10 billion, including intercompany exposures with ING Insurance.

### Market risk

ING's policy is to maintain an internationally diversified and mainly client-related trading portfolio, while avoiding large risk concentrations. ING applies Value-at-Risk and stress-testing scenarios for market risk management. Value-at-Risk measures the maximum overnight loss that could occur under normal market circumstances due to changes in risk factors (e.g. interest rate, foreign exchange rate, equity prices) if the trading positions remain unchanged for a time interval of one day.

### Consolidated trading VaR ING Bank

*amounts in millions of euros*

	YEAR END 2003	YEAR END 2002
Foreign exchange	4.8	2.5
Equities	11.2	10.7
Interest	11.1	9.3
High yield/Developing markets	6.4	7.7
Diversification	-10.6	-9.5
Total VaR	22.9	20.7

Apart from market risks in its trading portfolios, ING Bank has a structural interest rate risk on its balance sheet. ING Bank uses several measures to control interest rate risk. The most important ones are Earnings-at-Risk (EaR) which measures the sensitivity of ING Bank earnings to interest rate movements, and Value at Risk, which measures the maximum overnight loss that could occur due to changes in interest rates if positions remain unchanged for a time interval of one day. EaR measures the potential change in the expected (interest) earnings over the next 12 months resulting from an instantaneous rise of interest rates by 1%.

## Interest rate sensitivity ING Bank

amounts in millions of euros

	2003	2002
Earnings-at-Risk	212	14
Value at Risk	111	65

### Liquidity risk

Liquidity risk is defined as the risk that ING Bank cannot meet its financial liabilities when due. Liquidity risk is managed at Group and local level through a combination of investment mandates, product features, close monitoring of the day-to-day funding needs and maintenance of an adequate mix of funding sources and liquid assets.

### Operational risk

ING's policy is to manage operational risks through clear governance, an embedded operational risk management function, and the implementation of comprehensive operational risk identification, measurement, monitoring and mitigation processes. All business managers are responsible for establishing specific internal policies, procedures and controls and for continuously monitoring and controlling of the operational risks. At the various organisational levels, the Operational Risk Management departments aim at supporting general management. The Group's Corporate Audit Services performs independent periodic investigations into the quality of the system of internal controls and procedures of business units and recommends actions to solve any identified weaknesses.

### Capital position

At year-end 2003, the tier-1 ratio of ING Bank N.V. was 7.59%, an improvement of 28 basis points compared to year-end 2002 (7.31%). The solvency ratio (BIS ratio) improved from 10.98% to 11.34%. Despite the strong growth of ING Direct, total risk-weighted assets increased only modestly from EUR 247.3 billion at year-end 2002 to EUR 251.3 billion at the end of 2003, supported by the depreciation of the US-dollar and a EUR 3.8 billion increase of securitisations.

### More information about ING

Extensive information on ING, such as the annual report of ING Group and ING Bank and financial press releases, is available on [www.ing.com/group](http://www.ing.com/group). The website also gives direct access to the website of ING companies worldwide. Information on ING's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in any Notes.

## CONSOLIDATED BALANCE SHEET OF ING BANK N.V.

### Before profit appropriation

(amounts in millions of euros)	31 December 2003	31 December 2002
<b>Assets</b>		
Cash	10,135	8,782
Short-dated government paper	6,521	8,398
Banks	61,060	45,682
Public sector loans and advances	14,917	14,194
Private sector loans and advances	<u>279,070</u>	<u>270,444</u>
Loans and advances	293,987	284,638
Interest-bearing securities	140,032	99,994
Shares	8,882	8,020
Other participating interests	1,613	1,845
Property and equipment	5,720	6,184
Other assets	4,581	5,919
Accrued assets	9,063	7,649
<b>Total assets</b>	<u>541,594</u>	<u>477,111</u>
<b>Equity and Liabilities</b>		
Banks	102,115	96,267
Savings accounts	168,168	115,156
Other funds entrusted	<u>139,625</u>	<u>131,959</u>
Funds entrusted	307,793	247,115
Debt securities	72,372	75,493
Other liabilities	17,400	17,636
Accrued liabilities	8,815	8,759
General Provisions	<u>1,412</u>	<u>1,597</u>
	509,907	446,867
Fund for general banking risks	1,281	1,233
Subordinated liabilities	14,516	13,175
Shareholders' equity	14,868	14,664
Third party interests	553	744
Capital and reserves of Stichting Regio Bank	469	428
Group equity	<u>15,890</u>	<u>15,836</u>
Group capital base	<u>31,687</u>	<u>30,244</u>
Total equity and liabilities	<u>541,594</u>	<u>477,111</u>
Contingent debts	22,810	23,283
Irrevocable facilities	<u>66,640</u>	<u>63,866</u>
Contingent liabilities	89,450	87,149

## Breakdown of shareholders' equity of ING BANK N.V.

(amounts in millions of euros)	31 December 2003	31 December 2002
Share capital <sup>(1)</sup>	525	525
Preference share premium reserve	3,002	3,002
Share premium reserve	6,839	6,790
Revaluation reserve	235	189
Reserve for participating interests	114	72
Exchange differences reserve	- 1,096	- 602
Other reserves	3,851	4,093
Profit available for distribution	<u>1,398</u>	<u>595</u>
<b>Shareholders' equity</b>	<b>14,868</b>	14,664

- (1) Issued share capital consists as at 31/12/2003 of 465,035 (\*1,000) ordinary shares with a nominal value of EUR 1.13. Furthermore, 7 preference shares with a nominal value of EUR 1.13 have been issued. No shares have been issued that have not fully been paid up.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK N.V.

	2003	2002
(amounts in millions of euros)		
Interest income	23,600	23,883
Interest expense	<u>15,649</u>	<u>16,405</u>
Interest	7,951	7,478
Income from securities and participating interests	138	197
Commission income	3,085	3,231
Commission expense	<u>621</u>	<u>616</u>
Commission	2,464	2,615
Result from financial transactions	562	454
Other revenue	<u>393</u>	<u>292</u>
Other income	3,557	3,558
<b>Total income</b>	<u><u>11,508</u></u>	<u><u>11,036</u></u>
Staff costs	4,694	4,787
Other administrative expenses	<u>3,150</u>	<u>3,178</u>
Staff costs and other administrative expenses	7,844	7,965
Depreciation	<u>428</u>	<u>411</u>
Operating expenses	8,272	8,376
Value adjustments to receivables	1,125	1,435
Value adjustments to financial fixed assets	<u>-48</u>	<u>136</u>
	9,349	9,947
Additions to the Fund for general banking risks	140	140
<b>Total expenses</b>	<u><u>9,489</u></u>	<u><u>10,087</u></u>
<b>Result before taxation</b>	2,019	949
Taxation	<u>520</u>	<u>272</u>
Result after taxation	1,499	677
Third party interests	<u>59</u>	<u>39</u>
Net profit for the period	1,440	638
Non-distributable profit of Stichting Regio Bank	<u>42</u>	<u>43</u>
<b>Profit available for distribution</b>	<u><u>1,398</u></u>	<u><u>595</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK FOR THE YEARS ENDED 31 DECEMBER**

	2003	2002	2001
(amounts in millions of euros)			
Profit before tax	2,019	949	1,817
Adjusted for :			
– depreciation	428	411	449
– value adjustments to receivables	1,125	1,435	750
– value adjustments to financial fixed assets	-48	136	
– additions to the Fund for general banking risks	140	140	140
– other	410	-2,333	-584
Loans and advances granted/repaid	-10,473	-30,181	-9,202
Trading portfolio purchases/sales (incl. securities and property)	-6,783	3,298	-2,255
Taxation	-227	-105	-680
Movements in:			
– funds entrusted and debt securities	58,444	45,660	23,603
– banks, not available on demand	-8,463	-5,896	-120
– other receivables and accrued assets	-77	3,843	-1,410
– other liabilities and accrued liabilities	-180	-130	-1,300
– provisions	-185	-327	-901
Net cash flow from operating activities	<b>36,130</b>	16,900	10,307
Investments and advances:			
– participating interests	-434	-729	-190
– investments in interest-bearing securities	-90,811	-70,273	-68,522
– investments in shares	-519	-543	-994
– property and equipment	-1,691	-1,314	-1,389
Disposals and redemptions:			
– participating interests	369	66	358
– investments in interest-bearing securities	52,799	52,537	59,921
– investments in shares	851	1,815	1,284
– property and equipment	797	682	875
Net cash flow from investing activities	<b>-38,639</b>	-17,759	-8,657
Movements in long-term liabilities	1,146	2,048	1,892
Paid-in share premium			618
Cash dividends	-636	-298	-939
Net cash flow from financing activities	<b>510</b>	1,750	1,571
Net cash flow	<b>-1,999</b>	891	3,221
Cash at beginning of year	5,191	3,467	597
Exchange differences	2,543	833	-351
Cash at year-end	<b>5,735</b>	5,191	3,467
Cash comprises the following items:			

Short-dated government paper	<b>6,521</b>	8,398	4,653
Bank deposits available on demand	<b>-10,921</b>	-11,989	-9,236
Cash	<b>10,135</b>	8,782	8,050
Cash at year-end	<b>5,735</b>	5,191	3,467

The net cash flow shown in respect of Loans and advances only relates to transactions involving actual payments or receipts. The Value adjustments to receivables which is deducted from the item Loans and advances in the balance sheet has been adjusted for the profit before tax and is shown separately in the cash flow statement.

The Value adjustments to financial fixed assets which is deducted from the items Shares an Other participating interests is also shown separately in the net cash flow statement.

As a result of adjustments in the maturity of Banks as at 31 December 2002, the 2002 comparable figures were restated.

## Capitalisation (unaudited)

The following table sets out the capitalisation of ING Bank N.V. as at 31 March. 2004

(amounts in millions of euros)	<b>2004</b>
Equity and liabilities	
Banks	<b>114,649</b>
Savings accounts	<b>186,515</b>
Other funds entrusted	<b>146,274</b>
Funds entrusted	<u><b>332,789</b></u>
Debt securities	<b>71,408</b>
Other liabilities	<b>19,977</b>
Accrued liabilities	<b>7,110</b>
General Provisions	<u><b>1,405</b></u>
	<b>547,338</b>
Fund for general banking risks	<b>1,304</b>
Subordinated liabilities	<b>15,189</b>
Shareholders' equity (1)	<b>15,497</b>
Third party interests	<b>499</b>
Capital and reserves of Stichting Regio Bank	<b>478</b>
Group equity	<u><b>16,474</b></u>
Group capital base	<u><b>32,967</b></u>
Total equity and liabilities	<u><b>580,305</b></u>
Breakdown of shareholder's equity	
Share Capital	525
Preference share premium reserve	2,992
Share premium reserve	6,994
Revaluation reserve	210
Reserve for participating interests	111
Exchange differences reserve	-1,037
Other reserve	4,953
Profit available for distribution	<u>749</u>
Shareholder's equity	<b>15,497</b>
Contingent debts	<b>34,355</b>
Irrevocable facilities	<u><b>69,612</b></u>
Contingent liabilities	<b>103,967</b>

(1) The following payments were made to ING Groep N.V. in June 2004:

Dividend on preference shares of 118 million Euro.

A repayment of the premium reserve regarding preference share A1 of 491 million Euro.

Furthermore, there has been no material adverse change in the capitalisation of ING Bank since 31 March 2004.

Breakdown of shareholder's capital has been given as note to the balance sheet.

## UNITED STATES TAXATION

*The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Supplement will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Supplement.*

*As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is (i) a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation or other entity treated as a corporation, created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.*

*The summary is based on the tax laws of the United States including the U.S. Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder and published rulings and court decisions all as currently in effect and all subject to change at any time, possibly with retroactive effect.*

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

The following discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes. Depending on the restrictions that may apply to payments of interest on and principal of Notes in a particular Series, it is possible that those Notes may be treated as equity or as some other form of instrument such as a forward contract or option. The tax treatment of Notes that have a significant likelihood of being characterised as other than debt will be discussed in the applicable Supplement. Even if Notes in a Series are treated as debt, restrictions on payments may cause the Notes to be treated as Contingent Notes, which are subject to special rules described below under “Original Issue Discount — Contingent Notes.”

## **Payments of Interest**

### *General*

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount — General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the source of income rules to income attributable to the Notes.

### *Foreign Currency Denominated Interest*

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the “IRS”).

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognise ordinary income or loss equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

## **Original Issue Discount**

### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (“OID”). A Note, other than a Note with a term of one year or less (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity

(an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (any such excess being “acquisition premium”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount” is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

#### *Market Discount*

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a “Market Discount Note”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the

Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note, and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount — General", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "Notes Purchased at a Premium") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates ("Variable Interest Rate Notes") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument” then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on such a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified

floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate) a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is then converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note would be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Supplement.

#### *Contingent Notes*

Payments of interest on and principal of a Note (a “Contingent Note”) may be restricted upon the occurrence of an event described in the relevant Supplement (see “Risk Factors”). Contingent Notes are subject to rules (the “Contingent Interest Rules”) that require a U.S. Holder to accrue taxable OID in each taxable year or portion thereof in which the U.S. Holder holds a Contingent Note, even though the amount of income, if any, that the U.S. Holder may ultimately realise on the Contingent Note is uncertain. Whether Notes of any Series will be Contingent Notes will depend upon the restrictions that apply to that Series.

Under the Contingent Interest Rules, a U.S. Holder must accrue interest on a Contingent Note at a rate equal to the yield at which the Issuer would have issued debt instruments with fixed amounts payable at maturity but with terms and conditions otherwise similar to the terms and conditions of the Contingent Note (the

“Comparable Yield”). Once the Comparable Yield has been determined, a projected payment schedule must be constructed for the Contingent Note, based on the Contingent Note’s fixed payments and estimates of the Contingent Note’s contingent payments. Estimates of contingent payments based on market information must be based on forward prices where available. The projected payment schedule must then be adjusted so that it provides for a yield equal to the Comparable Yield. The projected payment schedule is generally determined as of the issue date, and remains fixed throughout the Contingent Note’s term. The U.S. Holder must accrue OID on the Contingent Note as if it provided for the fixed payments set forth in the projected payment schedule, pursuant to the rules set forth above under “Original Issue Discount—General”. For this purpose, no interest on a Contingent Note is treated as qualified stated interest. In each accrual period, the U.S. Holder’s income is adjusted by any discrepancies between projected and actual contingent payments. If the actual amount of the contingent payments is greater than the projected amount, the difference is treated as additional interest. If the actual amount of the contingent payment is less than the projected amount, the difference offsets interest accruals in the current year and any excess is treated as an ordinary loss to the extent of prior interest accruals. Any gain on the sale of a Contingent Note will be treated as ordinary income. The market discount rules discussed above do not apply to Contingent Notes.

If a Series is subject to the Contingent Interest Rules, the Issuer will provide information regarding the Comparable Yield and the projected payment schedule for the Series. A U.S. Holder must use this information to determine its income from Contingent Notes unless it attaches a statement to its tax return explaining the reasons for any variance.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Foreign Currency Notes*

OID for any accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under “Payments of Interest”. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency will be accrued by a U.S. Holder in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder will recognise ordinary gain or loss measured in the same manner as for accrued interest or OID. A U.S. Holder that does not include market discount currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the exchange rate in effect on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

In December 2003, the IRS issued proposed regulations regarding the treatment of Contingent Notes denominated in, or payments on which are determined by reference to, a foreign currency. Under these rules, a U.S. Holder would accrue OID in the foreign currency at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the foreign currency with terms and conditions otherwise similar to those of the foreign currency Contingent Note. (The method for calculating the comparable yield, projected payment schedule and any adjustments is described in "Original Issue Discount – Contingent Notes" above.) The amount of OID would then be translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under "Payments of Interest". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or sale or retirement of a Note), a U.S. Holder may recognise exchange gain or loss, which will be ordinary gain or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the amount previously accrued. U.S. Holders are urged to consult their tax advisers regarding potential application of these rules to the Notes.

### **Notes Purchased at a Premium**

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or, for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of the foreign currency. At the time amortised bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) will be realised measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount — Election to Treat All Interest as Original Issue Discount".

### **Purchase, Sale and Retirement of Notes**

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below) increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. dollar cost of a Note purchased with a foreign currency will generally be the

U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Except to the extent described above under “Original Issue Discount — Market Discount”, “Original Issue Discount — Short-Term Notes” or “Original Issue Discount — Contingent Notes”, or attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period in the Notes exceeds one year.

Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

### **Exchange of Amounts in other than U.S. Dollars**

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be ordinary income or loss.

### **Backup Withholding and Information Reporting**

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

A U.S. Holder may be required to report a sale, redemption, or other taxable disposition of Notes denominated in a currency other than the U.S. dollar on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the U.S. Holder recognizes a foreign currency loss that exceeds \$50,00 in a single year from a single transaction, if such U.S. Holder is an individual or trust, or higher amounts for non-individual U.S. Holders. In addition, the Issuer and its advisers may be required to maintain a list of U.S. Holders, and furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

## **UNITED KINGDOM TAXATION**

The comments below are of a general nature based on current United Kingdom law and Inland Revenue practice relating to payments of interest on the Notes are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers. Any Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

### **Interest on the Notes**

Notes which are issued from the United Kingdom will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 841 of the Income and Corporation Taxes Act 1988. The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Whilst such Notes are and continue to be quoted Eurobonds, payments of interest on them may be made without withholding or deduction for or on account of United Kingdom tax.

Where such Notes do not constitute "quoted Eurobonds", interest will generally be paid under deduction of income tax at the lower rate subject to the availability of other reliefs or exemptions or to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

### **Provision of Information**

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person, or (ii) paying amounts due on redemption of any Notes which constitute relevant discounted securities as defined in Schedule 13 to the Finance Act 1996 to or receiving such amounts on behalf of another person, may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

## **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

The European Union has adopted 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 from a date not earlier than 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 or for the benefit of an individual resident 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 will adopt similar measures with effect from the same date.

## NETHERLANDS TAXATION

### General

This section provides a general summary of the material Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Netherlands taxation stated therein. The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes.

The prospective purchaser should consult his or her own tax advisor regarding Netherlands tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

This summary is based on the tax legislation, published case law, and other regulations in the Netherlands in force as at 13 July 2004, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

It is assumed that the holders of the Notes do not hold a substantial interest in the Issuer. Generally speaking, an interest in the share capital of the Issuer should not be considered a substantial interest if the Noteholder of such interest, and, if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the Noteholder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer.

### Withholding Tax

All payments by the Issuer in respect of the Notes can be made without withholdings or deductions for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities, any political subdivision thereof or therein or any of their representatives, agents or delegates provided that the Notes do not in fact function as equity of the Issuer, rather than as a loan, within the meaning of the Netherlands Corporate Income Tax Act 1969 as described below.

The following criteria should be applied for determining whether a loan functions as equity within the meaning of the Netherlands Corporate Income Tax Act 1969:

- (i) the value of the payments on the loan (e.g. interest) is entirely contingent on the profits of or on the profit distribution by the debtor or any of its affiliates and the loan has no repayment date or the repayment date is more than 10 years after the date on which the loan was taken out; or
- (ii) the value of the payments on the loan (e.g. interest) is partly contingent on the profits of or on the profit distribution by the debtor or any of its affiliates. At the time the payment is agreed upon, the part of the payment that is not profit-related corresponds to less than half of the fair market interest rate applicable to loans with the same maturity period but for which the payment is not profit-related. The loan has no repayment date or the repayment date is more than 10 years after the date on which the loan was taken out; or
- (iii) the liability in respect of the payments on the loan is contingent on the profits made or distributed by the debtor or any of its affiliates, while the value of the payment is not. The loan is subordinated and the loan has no repayment date or the repayment date is more than 50 years after the date on which the loan was taken out.

If any of these three abovementioned criteria are met, the payments on such loans (known as “hybrid loans”), as well as the depreciation of such loans, will not be tax deductible while the payment is subject to Dutch dividend withholding tax.

Both interest free loans and loans with a payment that deviates substantially from the fair market interest rate are regarded as loans for which the value of the payment is contingent on the profits of or on the profit distribution by the debtor or any of its affiliates.

## **Taxes on Income and Capital Gains**

### Residents of the Netherlands

Income derived from a Note or a gain realised on the disposal or redemption of a Note, by a holder of a Note who is a resident of the Netherlands and who is subject to Dutch corporate income tax, is generally taxable in the Netherlands, provided that the Note is attributable to the holder’s business assets or deemed business assets.

Income derived from a Note or a gain realised on the disposal or redemption of a Note, by a holder of a Note who is an individual who is a resident or a deemed resident of the Netherlands or has opted to be treated as a resident of the Netherlands, will be subject to Dutch income tax at progressive individual income tax rates up to 52 per cent. (2004 rate) if:

- (i) the individual carries on a business to which a Note is attributable; or
- (ii) such income or gain is attributable to the individual’s activities, other than business activities, which include the use of that individual’s special knowledge or activities performed by that individual with respect to the Notes as a result of which such individual can make a return on the Notes that is in excess of the return on regular portfolio management (*belastbaar resultaat uit overige werkzaamheden in Nederland*).

If the conditions set out in paragraphs (i), or (ii) above do not apply to an individual Noteholder, actual received income derived from a Note or gains realised on the disposal or redemption of a Note are not taxable. Instead, the return on investments and savings is set at 4 per cent. of the average value of the Noteholders net worth (including the Notes, if any) in a calendar year. The average value is calculated by dividing by two the aggregate of the value of the net worth (including the Notes, if any) at the beginning of the calendar year and the end of the calendar year in so far as this average exceeds a certain threshold. The deemed return of 4 per cent. (2004 rate) is then subject to income tax at the rate of 30 per cent. (2004 rate). All in all, the value of the holder’s average net worth (including the Notes, if any) in a calendar year is taxed at an effective rate of 1.2 per cent. irrespective of the actual received income or gain realised.

### Non-residents of the Netherlands

A holder of a Note who is neither resident nor deemed to be resident in the Netherlands nor has opted to be treated as a resident in the Netherlands who derives income from such Note, or who realises a gain on the disposal or redemption of the Note will not be subject to Dutch taxation on income or capital gains, unless:

- (i) such income or gain is attributable to an enterprise or deemed enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands;
- (ii) the holder is an individual, and such income or gain is attributable to his or her activities in the Netherlands (as described in paragraph (ii) above under the heading ‘Residents of the Netherlands’), other than business or employment activities (*belastbaar resultaat uit overige werkzaamheden in Nederland*);

- (iii) the holder performs or has performed employment activities in the Netherlands, or performs or has performed employment activities outside the Netherlands for remuneration that is subject to Netherlands payroll tax and social security contributions, and such income or gain qualify as income from these employment activities; or
- (iv) the holder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable.

## **Taxation of Gifts and Inheritances**

### **Residents of the Netherlands**

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of a Note by way of a gift by, or on the death of, a Noteholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the date of the gift or his or her death. An individual of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax if he or she has been resided in the Netherlands at any time during the ten years preceding the date of the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of Netherlands gift tax only if he or she has been resided in the Netherlands at any time during the twelve months preceding the date of the gift. Non-residents of the Netherlands

No gift or inheritance tax arises in the Netherlands on the transfer by way of gift or inheritance of a Note, if the donor or deceased at the time of the gift is neither a resident nor a deemed resident of the Netherlands, unless:

- (i) at the time of the gift or death, a Note can be attributed to a Dutch enterprise, which is an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (ii) the donor of a Note dies within 180 days of making the gift, after becoming a Dutch resident or deemed resident.

### **Value-added tax**

No value-added tax will be due in the Netherlands in respect of payments made in consideration for the issue of the Notes, whether in respect of payments of interest and principal or in respect of the transfer of a Note.

### **Other Taxes**

There will be no registration tax, capital contribution tax, customs duty, stamp duty, real estate transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution, delivery and enforcement by legal proceedings of the Notes or the performance of the Issuer's obligations under the relevant documents.

### **Residency**

A Noteholder will not become, and will not be deemed to be, resident in the Netherlands by the sole virtue of holding such Note or the execution, performance, delivery and/or enforcement of any relevant documents.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to or through any one or more of the Dealers. The arrangements under which the Notes may from time to time be agreed to be sold by the Issuer to or through the Dealers are set out in the amended and restated Dealer Agreement dated 13 July 2004 (as it may have been amended from time to time, the “Dealer Agreement”) and made between the Issuer and the Dealers. Any agreement for the sale of Notes will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, whether the placement of the Notes is underwritten or sold on an agency basis only, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) which are payable or allowable by the Issuer in respect of such purchase.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Accordingly, Registered Notes are being offered and sold only (i) to QIBs in compliance with Rule 144A, (ii) to a limited number of Accredited Investors that, prior to their purchase of Registered Notes, deliver to the Issuer and the Dealer from whom they purchase such Notes a letter containing certain representations and agreements and (iii) outside the United States in “offshore transactions” within the meaning of Regulation S under the Securities Act.

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

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part (the “Distribution Compliance Period”), as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the sale of the Notes in the United States in certain transactions exempt from the registration requirements of the Securities Act, and for the listing of Notes on the Luxembourg Stock Exchange. The Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered to QIBs pursuant to Rule 144A and to Accredited Investors. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person other than any QIB within the meaning of Rule 144A

or any Accredited Investor to whom an offer has been made directly by one of the Dealers or an affiliate of one of the Dealers. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any QIB or any Accredited Investor in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person, QIB or Accredited Investor with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any such QIB and those persons, if any, retained to advise such non-U.S. person, QIB or Accredited Investor is prohibited.

## **United Kingdom**

Each Dealer has represented, warrants and agreed that:

- (1) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom

## **The Netherlands/Global**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, in respect of Notes issued, with the exception of those having a denomination of at least 50,000 euros or the equivalent thereof in other currencies, it has not, directly or indirectly, offered, sold, transferred or delivered and will not, directly or indirectly, offer, sell, transfer or deliver any Notes (including rights representing an interest in a global Note) in or outside The Netherlands to the account of any person or entity other than to persons or entities (hereinafter referred to as “Professional Investors”) which trade or invest in securities in the conduct of a profession or business within the meaning of the Securities Transactions Supervision Act (*Wet toezicht effectenverkeer 1995*) (the “1995 Act”) and its implementing regulations (which includes banks, investment banks, pension funds, insurance companies, securities firms, investment institutions and other entities, including inter alia treasuries and finance companies of large enterprises which regularly, as an ancillary activity, trade or invest in securities), in which case it must be made clear when making any offer of such Notes that it is exclusively made to such Professional Investors, all of the foregoing unless (a) another exemption as provided for in the 1995 Act or any of its implementing regulations applies and the requirements applicable to such exemption are complied with, or (b) The Netherlands Authority for the Financial Markets has upon request granted an individual dispensation and the requirements applicable to such dispensation are complied with, or (c) the prohibition of article 3 subsection 1 of the 1995 Act does not apply (such as when the Notes are or shortly upon their issue will be listed on Euronext Amsterdam). Zero Coupon Notes in bearer form and other Notes in bearer form on

which no interest is paid during their tenor may fall within the definition of savings certificates as referred to in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) and if so any transfer or acceptance of such Notes is prohibited unless it is done through the mediation of either the Issuer or a member of Euronext Amsterdam, and certain identification requirements in relation to the issue, transfer of or payment on Notes qualifying as savings certificates have to be complied with. The above prohibition does not apply (i) to a transfer and acceptance of such Notes between individuals who do not act in the conduct of a profession or a business, (ii) to the initial issue and trading of such Notes to the first holders thereof, and (iii) to the issue and trading of such Notes if such Notes are physically issued outside of The Netherlands and are not immediately thereafter distributed in The Netherlands or to residents of The Netherlands in the course of primary trading.

## **General**

No action has been or will be taken in any jurisdiction by the Dealers or the Issuer that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular, or any part thereof including any Supplement, or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells, or delivers Notes or has in its possession or distributes this Offering Circular, or any part thereof including any Supplement, or any such other material, in all cases at its own expense. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions (except to the extent that such actions are the actions of the Issuer). The Issuer will have no responsibility for, and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it may make any acquisition, offer, sale or delivery.

No Dealer is authorised to make any representation or use any information in connection with the issue, offering and sale of the Notes other than as contained in this Offering Circular, including the applicable Supplement, and any other information or document supplied.

Selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers. Any such modification will be set out in the Supplement issued in respect of each Tranche to which it relates or in a supplement to this Offering Circular.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised under powers of attorney dated 1 September 1997, 20 November 1997, 9 January 1998, and 12 February 1998. All consents, approvals, authorisations or other order of all regulatory authorities required by the Issuer under the laws of the Netherlands and the United Kingdom have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Dealer Agreement, the Agency Agreement, the Deed of Covenant and the Notes.

### Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available (and in the case of documents listed in paragraph (vi) below, may be obtained free of charge) from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (i) the English translation of the Articles of Association of the Issuer;
- (ii) the annual reports of the Issuer and its consolidated subsidiaries (in English) in respect of the financial years ended 31 December 2001, 31 December 2002 and 31 December 2003;
- (iii) the most recently available annual report of the Issuer and its consolidated subsidiaries and the most recently available published semi-annual interim financial statements of the Issuer and its consolidated subsidiaries (in English);
- (iv) the Dealer Agreement, the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the definitive Bearer Notes, the Receipts, the Coupons and the Talons and the DTC Global Certificates, Non-DTC Global Certificates and the Certificates) and the Deed of Covenant;
- (v) a copy of this Offering Circular;
- (vi) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda and supplements including the Supplements in respect of listed Notes (save that a Supplement related to an unlisted Note will only be available to a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent for the time being in Luxembourg as to the identity of such holder) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of a syndicated issue of listing Notes, the syndication agreement (or equivalent document).

### Financial Statements

The Issuer's audited financial statements will be published on an annual basis. The Issuer does not produce unconsolidated financial statements.

## **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Pricing Supplement. In addition, the Registered Notes will be, before issue, designated as PORTAL securities and the issuer will make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing and/or settlement system (including Euroclear Netherlands) the appropriate information will be specified in the relevant Pricing Supplement. In addition, the Issuer will make an application with respect to any Notes of a Registered Series to be represented by DTC Global Certificates to be accepted for trading in book-entry form by DTC. Notes represented by DTC Global Certificates are expected to be designated eligible for trading in Portal.

## **Rule 144A(d)(4)**

The Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or prospective purchaser designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

## **Significant Change**

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries and no significant change in the financial position or prospects of the Issuer and its consolidated subsidiaries since 31 December 2003.

## **Amendment**

If there is a negative change in the financial position or prospects of the Issuer or if the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as supplemented, inaccurate or misleading, a new Offering Circular will be prepared.

## **Litigation**

Neither the Issuer nor its consolidated subsidiaries (whether as defendant or otherwise) is engaged in any legal, arbitration, administrative or other proceedings, the results of which might have or have had a significant effect on the financial position or the operations of the Issuer or its consolidated subsidiaries, nor is it aware of any such proceedings being threatened or pending.

## **Auditors**

KPMG Accountants N.V. have acted as the auditors of the financial statements of the Issuer for the financial years ending 31 December 2001, 2002 and 2003 respectively.

## **Auditor's Report**

In our opinion the Consolidated Financial Statements, as included in this offering circular on pages 66 up to and including 70 are consistent, in all material respects, with the Annual Accounts of ING Bank N.V. for the year 2003 from which they have been derived. We issued an unqualified auditor's report on these Annual Accounts dated 8 March 2004.

For a better understanding of the ING Bank N.V.'s financial position and the results from its operations and of the scope of our audit, the Consolidated Financial Statements should be read in conjunction with the Annual Accounts and our Auditor's report thereon included in the Annual Report of ING Bank N.V. for the year 2003.

Amsterdam 13 July 2004

KPMG Accountants N.V.

## **Luxembourg Stock Exchange Number**

The Luxembourg Stock Exchange has allocated to the Programme the number 12264 a legal notice relating to the issue of the Notes and copies of the constitutional documents of the Issuer will be deposited with the Registre de Commerce et des Sociétés à Luxembourg where such document may be examined and copies obtained.

## **Euronext Amsterdam**

If, when and as long as Notes are listed on the Official Segment of the Euronext Amsterdam N.V.'s stock market, the Issuer will comply with the provisions of Scheme B, Article 2.1.20. Sections a-g of the Listing and Issuing Rules of Euronext Amsterdam N.V. (*Fondsenreglement*) as amended, varied or replaced from time to time.

If, when and as long as Notes are listed on the Official Segment of Euronext Amsterdam N.V.'s stock market any notices regarding such Notes to Noteholders shall be regarded as validly given if published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V. and in a widely circulated newspaper published in the Netherlands or, if any of the said newspapers shall cease to be published or timely publication therein shall not be practicable, in such other newspaper or newspapers as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the holders of Notes in accordance with applicable regulations of Euronext Amsterdam N.V. Any such notice shall be deemed to have been given on the date of publication or, if published in more than one newspaper, on the date of the first publication.

**ISSUER**

**ING Bank N.V.**  
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**FISCAL AGENT**

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**REGISTRAR, TRANSFER AGENT AND EXCHANGE AGENT**

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**PAYING AGENT AND TRANSFER AGENT**

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**BELGIUM PAYING AGENT**

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Belgium

**DUTCH PAYING AGENT**

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**LEGAL ADVISERS**

*To the Issuer as to English  
and United States law*

**Linklaters**

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**LUXEMBOURG LISTING AGENT**

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