

*Franta*

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## THE CZECH REPUBLIC

*acting through the Ministry of Finance*

**€10,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

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7 September 2009

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## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which, as supplemented, modified or replaced in relation to any Notes by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.*

### *Introduction*

#### *(a) Programme*

The Czech Republic acting through the Ministry of Finance (the “**Issuer**”) has established a programme (the “**Programme**”) for the issuance of up to €10,000,000,000 (or its equivalent in other currencies) in aggregate principal amount of notes (the “**Notes**”).

#### *(b) Fiscal Agency Agreement*

The Notes are issued pursuant to and in accordance with an amended and restated fiscal agency agreement dated 7 September 2009 (as amended, supplemented or replaced from time to time, the “**Fiscal Agency Agreement**”) and made between the Issuer, Citibank, N.A., as Fiscal Agent (the “**Fiscal Agent**”, which expression shall include any successor fiscal agent appointed from time to time in connection with the Notes), Citigroup Global Markets Deutschland AG & Co. KGaA, as Registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Notes) and Citibank, N.A., as paying agent (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a calculation agent (the “**Calculation Agent**”) for the purposes of such Notes, in accordance with the provisions of the Fiscal Agency Agreement, and such Calculation Agent shall be specified in the applicable Final Terms.

#### *(c) Deed of Covenant*

The Notes have the benefit of a deed of covenant dated 23 May 2008 (as amended, supplemented or replaced, the “**Deed of Covenant**”) executed by the Issuer in relation to the Notes.

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

(d) *Final Terms*

Notes issued under the Programme are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (the “**Tranches**” and each, a “**Tranche**”) of Notes. Each Tranche will be the subject of the relevant final terms (the “**Final Terms**”), which supplements these terms and conditions (the “**Conditions**”). Copies of the relevant Final Terms will be available during normal business hours at the specified office of the Fiscal Agent and/or, as the case may be, the Registrar. In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available by a Holder of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Notes.

(e) *The Notes*

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.2) and Receipts (as defined in Condition 1.3) are to Coupons and Receipts relating to Notes of the relevant Series. References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented, modified or (to the extent thereof) replaced by the Final Terms.

## 1. **Form and Denomination**

### *Form of Notes*

1.1 Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), as specified in the Final Terms and are serially numbered. Registered Notes are not exchangeable for Bearer Notes. In respect of each Tranche of Notes in bearer form, the Notes will be initially issued in the form of a temporary global note (a “**Temporary Global Note**”) or, if so specified in the relevant Final Terms, a permanent global Note (a “**Permanent Global Note**” and, together with the Temporary Global Note, the “**Global Notes**”) which, in either case will:

- (a) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the relevant issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), and

- (b) if the Global Notes are not intended to be issued in NGN form (classic global note, a “**CGN**”), be delivered on or prior to the relevant issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear and/or Clearstream, Luxembourg.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Notes in definitive bearer form (“**Definitive Notes**”) and/or (if so specified in the relevant Final Terms) Registered Notes. Each Permanent Global Note will be exchangeable for Definitive Notes and/or (if so specified in the relevant Final Terms) Registered Notes in accordance with its terms. Each Note issued in registered form shall represent the entire holding of Registered Notes by the same holder. A Registered Note may be registered in the name of a nominee for one or more clearing systems and such a Note is referred to herein as a “**Global Registered Note**”.

- 1.2 Interest-bearing Bearer Notes have attached thereto at the time of their initial delivery coupons (“**Coupons**”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes have attached thereto at the time of their initial delivery, a talon (“**Talon**”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons.
- 1.3 Bearer Notes, the principal amount of which is repayable by instalments (“**Instalment Notes**”) have attached thereto at the time of their initial delivery, payment receipts (“**Receipts**”) in respect of the instalments of principal.

#### *Denomination of Bearer Notes*

- 1.4 Bearer Notes are in the specified Denomination or specified Denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

#### *Denomination of Registered Notes*

- 1.5 Registered Notes are in the minimum specified Denomination specified in the Final Terms or integral multiples thereof.

#### *Currency of Notes*

- 1.6 The Notes are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### *Partly Paid Notes*

- 1.7 Notes may be issued on a partly paid basis (“**Partly Paid Notes**”) if so specified in the Final Terms. The subscription moneys therefore shall be paid in such number of instalments (“**Partly Paid Instalments**”) in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such instalments shall be due and payable on the date of issue of the Notes. For the purposes of these Terms and Conditions, in respect of any Partly Paid Note, “**Paid Up Amount**” means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 14 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Notes with effect from such date (the “**Forfeiture Date**”) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Notes subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (in the case of non-interest bearing Notes, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Notes for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.11).

Unless an Event of Default (or an event which with the giving of notice, the lapse of time or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Notes in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Notes and shall be discharged from any obligation to repay such amount or to pay interest thereon.

## 2. Title and Transfer

- 2.1 Title to Bearer Notes, Receipts and Coupons passes by delivery. References herein to the “**Holders**” of Bearer Notes or of Receipts or Coupons are to the bearers of such Bearer Notes or such Receipts or Coupons.
- 2.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. For the purposes of these Terms and Conditions, “**Registrar**” means, in relation to any Series comprising Registered Notes, the Principal Registrar, the First Alternative Registrar or, as the case may be, the Second Alternative Registrar, as specified in the Final Terms, provided always that where such Series is listed on the Luxembourg Stock Exchange, “**Registrar**” shall mean the Second Alternative Registrar. References herein to the “**Holders**” of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.
- 2.3 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

### *Transfer of Registered Notes and exchange of Bearer Notes for Registered Notes*

- 2.4 A Registered Note may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- 2.5 If so specified in the Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States or its possessions of the Fiscal Agent, the Registrar or of any Transfer Agent together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6) where the exchange date would, but for the provisions of Condition 2.6 occur between the Record

Date (as defined in Condition 9B.3) for such payment of interest and the date on which such payment of interest falls due.

2.6 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or any Transfer Agent or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar, the Fiscal Agent or any Transfer Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar, Fiscal Agent or any Transfer Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:

- (i) the “**Relevant Banking Day**” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Fiscal Agent, in the place where the specified office of the Fiscal Agent or the Transfer Agent is located;
- (ii) the “**exchange date**” shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and
- (iii) the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

2.7 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.8 All transfers of Registered Notes, exchange of Bearer Notes for Registered Notes and entries on the Register are subject to the detailed regulations and certain closed periods concerning the transfer and/or exchange of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed free of charge by the Registrar to any Holder who requests in writing a copy of such regulations.



### 3. Status of the Notes

The Notes constitute direct, general and unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are mandatory and of general application to creditor rights.

### 4. Negative Pledge

The Issuer undertakes that so long as any of the Notes remain outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall not create nor permit to subsist any Security Interest upon the whole or any part of its present or future assets or revenues to secure any Public External Indebtedness or any Guarantee of any Public External Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Holders.

For the purposes of this Condition 4:

“**Guarantee**” means any guarantee of, or indemnity in respect of, indebtedness or other like obligation.

“**Public External Indebtedness**” means any present or future indebtedness for borrowed money which is in the form of, or represented by, bonds, notes, debentures or loan stock or other securities and which is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and which is denominated or payable (or at the option of the relevant creditor or holder thereof may be payable), in a currency other than the lawful currency of the Czech Republic provided that, if at any time the lawful currency of the Czech Republic is the euro, then any indebtedness for borrowed money as described herein, expressed in or payable or optionally payable in euro, more than 50 per cent. of the aggregate principal amount of which is initially placed outside the Czech Republic and issued after the date on which the euro becomes the lawful currency of the Czech Republic, shall be included.

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest.

### 5. Interest

#### *Interest*

5.1 Notes may be interest-bearing or non interest-bearing (zero coupon), as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 5.11.

### *Interest-bearing Notes*

- 5.2 Notes which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date.

### *Fixed Rate Notes*

- 5.3 If the Final Terms specify the Interest Rate applicable to the Notes as being Fixed Rate, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant fixed Coupon Amount per Calculation Amount as specified in the relevant Final Terms.

### *Floating Rate Notes*

- 5.4 If the Final Terms specify the Interest Rate applicable to the Notes as being Floating Rate, the Interest Rate applicable to the Notes for each Interest Accrual Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation

Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Accrual Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time,

and the Interest Rate applicable to such Notes during each Interest Accrual Period will be the sum of the relevant margin (the “**Relevant Margin**”) specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to such Notes during such Interest Accrual Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Notes in respect of the last preceding Interest Accrual Period.

#### *ISDA Rate Notes*

5.5 If the Final Terms specify the Interest Rate applicable to the Notes as being ISDA Rate, each Note shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Note under the terms of an agreement to which the ISDA Definitions applied and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

#### *Index-Linked Notes*

5.6 If the Final Terms specify the Interest Rate applicable to the Notes as being Index-Linked, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

### *Maximum or Minimum Interest Rate*

- 5.7 If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

### *Accrual of Interest*

- 5.8 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefore (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.9) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent, the Registrar or, as the case may be, the Transfer Agent having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 that the Fiscal Agent, the Registrar or, as the case may be, the Transfer Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

### *Interest Amount(s), Calculation Agent and Reference Banks*

- 5.9 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, 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) will determine the Interest Rate and calculate the amount(s) of interest payable (the “**Interest Amount(s)**”) per Calculation Amount 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 or, as the case may be, the Redemption Amount or any Instalment Amount, to be notified to the Fiscal Agent, the Registrar or any Transfer Agent (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 14 and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation, but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to

the stock exchange, the time required by the rules of the relevant stock exchange which is, for the Luxembourg Stock Exchange, the first day of the relevant period. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Notes become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. 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 shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

### *Calculations and Adjustments*

- 5.10 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 by the Day Count Fraction, save that if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.) and (b) all Relevant Currency amounts used in or resulting from such calculation, will be rounded to the nearest sub-unit of the Relevant Currency (half a sub-unit being rounded upwards). For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the currency of such country and, in the case of euro, means one cent.

## *Definitions*

5.11 “**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Applicable Business Day Convention**” means the “**Business Day Convention**” which may be specified in the Final Terms as applicable to any date in respect of the Notes. Where the Final Terms specifies “**No Adjustment**” in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Final Terms fails either to specify an applicable Business Day Convention or “**No Adjustment**” for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Notes which bear interest at a fixed rate, “**No Adjustment**” shall be deemed to have been so specified and in the case of Notes which bear interest at a floating rate, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes;

“**Banking Day**” means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city;

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a Target Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets are open for business and settle payments in the Principal Financial Centre in respect of the relevant Notes and in each (if any) Additional Business Centre;

“**Business Day Convention**” means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Notes, shall have the following meanings:

- (i) “**Following Business Day Convention**” means that such date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (iii) “**Preceding Business Day Convention**” means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred provided that:
  - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

“**Calculation Amount**” means such amount as specified in the Final Terms;

“**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/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;



“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D<sub>2</sub> will be 30.

“**Interest Accrual Period**” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity;

“**Interest Commencement Date**” means the date of issue of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms;

“**Interest Determination Date**” means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in

the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified:

- (i) in the case of Notes denominated in Pounds Sterling, the first day of such Interest Accrual Period; or
- (ii) in the case of Notes denominated (or redenominated) in euro, the date falling two Target Business Days prior to the first day of such Interest Accrual period; or
- (iii) in any other case, the date falling two London Banking Days prior to the first day of such Interest Accrual Period;

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**“Interest Period”** means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity;

**“Interest Period End Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes;

**“Interest Rate”** means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of Specified Currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Final Terms;

**“ISDA Definitions”** means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the Final Terms) as published by the International Swaps and Derivatives Association, Inc;

**“Outstanding Principal Amount”** means, in respect of a Note, its principal amount less in respect of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.6 or, in the case of a Partly Paid Note, the Paid Up Amount of such Note or otherwise as indicated in the Final Terms except that the Paid Up Amount shall be deemed to be nil for Notes which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 1.7;

**“Participating Member State”** means a member state of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Community as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means both Sydney and Melbourne and, in relation to New Zealand dollars, it means both Wellington and Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**“Reference Banks”** has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**“Reference Rate”** has the meaning given to it in the relevant Final Terms;

**“Relevant Financial Centre”** has the meaning given to it in the relevant Final Terms;

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service and the Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate;

**“Specified Currency”** has the meaning given in the relevant Final Terms;

**“Target Business Day”** means a day on which the Target System is open;

“**Target System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (Target) System or any successor thereto; and

“**Treaty**” means the Treaty establishing the European Community, as amended by the Treaty on European Union.

#### *Zero Coupon Notes*

- 5.12 If any Redemption Amount (as defined in Condition 6.9) or Instalment Amount in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 that the Fiscal Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.10 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.11).

## **6. Redemption and Purchase**

### *Redemption at Maturity*

- 6.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Final Terms as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the “**Maturity Redemption Amount**”) (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Final Terms) (or, in the case of Instalment Notes, in such number of instalments and in such amounts (“**Instalment Amounts**”) as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

### *Optional Early Redemption (Call)*

- 6.2 If this Condition 6.2 is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call

early redemption amount (the “**Early Redemption Amount (Call)**”) (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon on the date specified in such notice. In the event any Notes of the relevant Series are redeemed pursuant to Condition 6.2 (so long as such Notes are listed on the Luxembourg Stock Exchange) the Issuer shall inform the Luxembourg Stock Exchange of such early redemption.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.5.

6.3 The appropriate notice referred to in Condition 6.2 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given and which shall be such date or the next of such dates (the “**Call Option Date(s)**”) or a day falling within such period (the “**Call Option Period**”), as may be specified in the Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

#### *Partial Redemption*

6.4 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.2, the Notes to be redeemed (the “**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than thirty days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than fifteen days prior to the date fixed for redemption. No exchange of the relevant Global

Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date. In the case of Registered Notes, each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

*Optional Early Redemption (Put)*

- 6.5 If this Condition 6.5 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the “**Early Redemption Amount (Put)**”) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates (the “**Put Date(s)**”) or a day falling within such period (the “**Put Period**”) as may be specified in the Final Terms), deposit the relevant Note (together, in the case of an interest-bearing Note in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9A.6 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar or any Transfer Agent together with a duly completed early redemption notice (the “**Put Notice**”) in the form which is available from the specified office of any of the Paying Agents, the Registrar or, as the case may be any Transfer Agent, specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). No Note so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement). In the event any Notes of the relevant Series are redeemed pursuant to Condition 6.5 (so long as such Notes are listed on the Luxembourg Stock Exchange) the Issuer shall inform the Luxembourg Stock Exchange of such early redemption.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.9 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

The holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6.2.

#### *Purchase of Notes*

- 6.6 Subject to compliance with applicable laws or regulations, the Issuer may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons appertaining thereto are purchased therewith. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

#### *Redeemed and Purchased Notes*

- 6.7 All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Paying Agent and cannot be reissued or resold.

#### *Further Provisions applicable to Redemption Amount and Instalment Amounts*

- 6.8 The provisions of Condition 5.3 and the last paragraph of Condition 5.10 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Calculation Agent (as defined in Condition 5.11).
- 6.9 References herein to “**Redemption Amount**” shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.
- 6.10 In the case of any Note which is non-interest bearing, the “**Amortised Face Amount**” shall be an amount equal to the sum of:
- (i) the Issue Price specified in the Final Terms; and
  - (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.11) specified in the Final Terms for the purposes of this Condition 6.10.

- 6.11 In the case of any Zero Coupon (non-interest bearing) Note, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.10 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:
- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and
  - (ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 15 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

## 7. Events of Default

- 7.1 The following events or circumstances (each an “**Event of Default**”) shall be acceleration events in relation to the Notes of any Series, namely:
- (i) *Non-payment*: the Issuer fails to pay any amount of interest in respect of the Notes of the relevant Series or any of them within 30 days of the due date for payment thereof; or
  - (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other material obligations under or in respect of the Notes of the relevant Series and such default remains unremedied for 45 days after written notice requiring such default to be remedied has been delivered to the Issuer at the specified office of the Fiscal Agent by the Holder of any such Note.
- 7.2 If any Event of Default shall occur in relation to any Series of Notes, all of the Notes may, by written notice addressed and delivered by the Holders of at least 25 per cent. of the aggregate principal amount of the outstanding Notes to the Fiscal Agent, be declared immediately due and payable whereupon, unless the Issuer shall have cured or otherwise rectified the Relevant Event they shall become immediately due and payable at the early termination amount of each Note (the “**Early Termination Amount**”) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.10) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Holders.
- 7.3 If the Fiscal Agent receives notice in writing from Holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes and/or a resolution is passed at a meeting of Holders duly convened and held in accordance with the Fiscal Agency Agreement to the effect that the Event(s) of Default giving rise to such declaration is or



are cured or is or are waived by them following any such declaration and that such Holders request the Fiscal Agent to rescind the relevant declaration, the Fiscal Agent shall, by notice in writing to the Issuer and the Holders, rescind the relevant declaration whereupon it shall be rescinded and shall have no further effect. No such rescission shall affect any other or any subsequent Event of Default or any right of any Holder in relation thereto.

## **8. Taxation**

- 8.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Czech Republic or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges (the “**Taxes**”) is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Holder after such withholding or deduction shall equal the respective amounts which would have been received by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:
- (i) presented for payment by a Holder which is liable to such Taxes in respect of such Note or Coupon by reason of the Holder having some connection with the Czech Republic other than the mere holding of such Note or Coupon; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iii) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days.
- 8.2 For the purposes of these Terms and Conditions, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Fiscal Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such monies having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 15.

- 8.3 Any reference in these Terms and Conditions to “**principal**” and/or “**interest**” in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to “**principal**” shall include any premium payable in respect of an Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “**interest**” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

## **9. Payments**

### *9A Payments – Bearer Notes*

9A.1 This Condition 9A is applicable in relation to Bearer Notes.

9A.2 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with (where applicable) the relevant Receipt and surrender of such Receipt at the specified office of any of the Paying Agents.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer.

Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

9A.3 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Notes at the specified office of any of the Paying Agents outside (unless Condition 9A.4 applies) the United States or its possessions; and
- (ii) in the case of Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 9A.4 applies) the United States or its possessions.

- 9A.4 Payments of amounts due in respect of interest on the Notes and exchanges of Talons for Coupon sheets in accordance with Condition 9A.7 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.
- 9A.5 If the due date for payment of any amount due in respect of any Note is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 9C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Final Terms) and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, if appropriate, Condition 5.10.
- 9A.6 Each Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:
- (i) if the Final Terms specifies that this paragraph (i) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
  - (ii) if the Final Terms specifies that this paragraph (ii) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii)

below, Talons) relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

- (iii) in the case of Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Notes initially delivered with Receipts attached thereto, all Receipts relating to such Notes in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 9A.6 notwithstanding, if any Notes should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- 9A.7 In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9A.4 applies) the United States or its possessions in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

*9B Payments – Registered Notes*

- 9B.1 This Condition 9B is applicable in relation to Registered Notes.

- 9B.2 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar or any Transfer Agent. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as

defined in Condition 9C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

- 9B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) before the due date for such payment (the “**Record Date**”).
- 9B.4 Notwithstanding the provisions of Condition 9C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque, unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

### *9C Payments – General Provisions*

- 9C.1 Save as otherwise specified in these Terms and Conditions, this Condition 9C is applicable in relation to both Bearer and Registered Notes.
- 9C.2 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by cheque, or (b) at the option of the payee, by transfer to an account denominated in the relevant currency or to an account to which payments can otherwise be legally made specified by the payee. All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of

Condition 8. No commissions or expenses shall be charged to a Holder in respect of such payment.

9C.3 For the purposes of these Terms and Conditions:

- (i) “**Relevant Financial Centre Day**” means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Final Terms or in the case of payment in euro, a day which is a Target Business Day (as defined in Condition 5.9); and
- (ii) “**Local Banking Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon.

## **10. Prescription**

- 10.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8.2) for payment thereof.
- 10.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.6 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

## **11. The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent**

- 11.1 The initial Paying Agents, Registrar and Transfer Agents and their respective initial specified offices are specified below. The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent), the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents, another Registrar, additional or other Transfer Agents or another Calculation Agent, provided that it will at all times maintain (i) an Fiscal Agent, (ii) in the case of Registered Notes, a Registrar, (iii) a Paying Agent (or in the case of registered Notes, a Transfer Agent) with a specified office in a continental European city, (iv) so long as the Notes are listed on the Luxembourg Stock Exchange and/or any other stock exchange, a Paying Agent and a Registrar or Transfer Agent each with a specified office in Luxembourg and/or in such other place as may be required by the rules of such other stock exchange, (v) in the circumstances described in Condition 9A.4, a Paying Agent with a specified office in New York City, (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and

Conditions) and (vii) the Issuer will ensure that it maintains a Paying Agent in an European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing, or complying with, or introduced to conform to, such Directive. The Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.

- 11.2 The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Fiscal Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

## **12. Replacement of Notes**

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Final Terms (in the case of Bearer Notes and Coupons) or of the Registrar or any Transfer Agent (in the case of Registered Notes) (the “**Replacement Agent**”), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Receipts and Coupons must be surrendered before replacements will be delivered therefore.

## **13. Meetings of Holders; Appointment of Representative Committee and Modification**

- 13.1 The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.
- 13.2 The Holders may, by a resolution passed at a meeting of Holders duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 50 per cent. in aggregate principle amount of any Series of Notes then outstanding, or by notice in writing to the Issuer (with a copy to the Fiscal Agent) signed by or on behalf of the Holders of at least 50 per cent. in aggregate principal amount of any Series of Notes then

outstanding, appoint any person or persons as a committee to represent the interests of the Holders if any of the following events has occurred and has not been remedied or otherwise rectified:

- (i) an Event of Default;
- (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 7 become an Event of Default; or
- (iii) any official public announcement by the Issuer to the effect that the Issuer is seeking, or intends to seek a restructuring of any Series of Notes (whether by amendment, exchange offer or otherwise),

provided, however, that no such appointment shall be effective if the Holders of more than 25 per cent. of the principal amount of the outstanding Notes of such Series have either (a) objected to such appointment by notification in writing to the Issuer (with a copy to the Fiscal Agent) during a specified period following notice of the appointment being given (if such notice of appointment is made by notice in writing to the Issuer) where such specified period shall be either 30 days or such other period as the committee may, acting in good faith, determine be appropriate in the circumstances, or (b) voted against such resolution at a meeting of Holders duly convened and held in accordance with the provisions of the Fiscal Agency Agreement.

Such committee shall, if appointed by notice in writing to the Issuer, give notice of its appointment to all Holders of the relevant Series of Notes in accordance with Condition 14 as soon as practical after notice is given to the Issuer. Such committee, in its discretion, may, among other things (i) engage legal advisers and financial advisers to assist it in representing the interests of the Holders, (ii) adopt such rules as it considers appropriate regarding its proceedings and (iii) enter into discussions with the Issuer and/or other creditors of the Issuer. The Issuer shall pay any reasonably incurred fees and expenses of any such committee (including, without limitation, the fees and expenses of the committee's legal advisers and financial advisers, if any) within 30 days of the delivery to the Issuer of a reasonably detailed invoice and supporting documentation.

- 13.3 The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

## **14. Notices**

### *To Holders of Bearer Notes*

- 14.1 Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London



(which is expected to be the *Financial Times*), and (ii) in the case of any Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu) or (in the case of (i) or (ii)), if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. Until such time as any definitive Notes are issued, there may, so long as any Temporary or Permanent Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

#### *To Holders of Registered Notes*

14.2 Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. With respect to Registered Notes listed on the Luxembourg Stock Exchange, any notices to holders must also be published in a newspaper having general circulation in Luxembourg, which is expected to be the *d'Wort*, and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

### **15. Further Issues**

The Issuer may from time to time, without the consent of the Holders of any Notes or Coupons, create and issue further Notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/ or the denomination thereof) so as to form a single series with the Notes of any particular Series.

### **16. Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the Final Terms (the “**Contractual Currency**”), is the sole currency of account and payment for all

sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

## **17. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

## **18. Redenomination, Renominalisation and Reconventioning**

- 18.1 This Condition 18 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- 18.2 If the country of the Specified Currency becomes or announces its intention to become, a Participating Member State, the Issuer may, without the consent of Holders, on giving at least 30 days' prior notice to Holders and the Paying Agents, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- 18.3 Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:
- (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union

pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent, then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Holders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;

- (ii) if Notes have been issued in definitive form:
  - (a) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the “**Euro Exchange Date**”) on which the Issuer gives notice (the “**Euro Exchange Notice**”) to Holders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (b) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 18) shall remain in full force and effect; and
  - (c) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to Holders in the Euro Exchange Notice; and
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

18.4 Following redenomination of the Notes pursuant to this Condition 18, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.

18.5 If the relevant Notes are specified as Floating Rate in the relevant Final Terms and Relevant Screen Page is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, with effect from the Redenomination Date the

Interest Determination Date shall be deemed to be the second Target Business Day before the first day of the relevant Interest Accrual Period.

## **19. Governing Law**

- 19.1 The Notes, the Fiscal Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law.

## **20. Jurisdiction**

- 20.1 The Issuer irrevocably agrees for the benefit of the Holders of the Notes that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes or Coupons (respectively, “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the non-exclusive jurisdiction of such courts.
- 20.2 The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 20.3 The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to the Chief of the Consul Department at the Embassy of the Czech Republic currently located at 26 Kensington Palace Gardens, London W8 4QY. If the appointment of the person mentioned in this Condition 20.3 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent and, failing such appointment within fifteen days, any Holder of a Note shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing contained herein shall affect the right of any Holder of a Note to serve process in any other manner permitted by law.
- 20.4 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.
- 20.5 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings subject, in the case of any property, to the matters specifically provided for in Clause 20.6 below.

20.6 To the extent that the Issuer or any of its revenues, assets or properties shall be entitled to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, the Issuer irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction. Such waiver of immunities constitutes only a limited and specific waiver by the Issuer for the purposes of this Agreement and under no circumstances shall it be construed as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to this Agreement. The Issuer does not waive any immunity in respect of property which is ambassadorial, consular or defence real property or buildings or the contents thereof, in each case situated outside the Czech Republic.

## PROVISIONS RELATING TO NOTES IN GLOBAL FORM

### (A) *Relationship of Accountholders with Clearing Systems*

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer to the bearer of such Global Note (or the registered holder of the Global Registered Note, as the case may be), and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such 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 Registered Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note (or the registered holder of the Global Registered Note, as the case may be), in respect of each amount so paid. References in these provisions relating to the Notes in global form to "**holder**" or "**accountholder**" are to those persons shown in the records of the relevant clearing system as a holder of a Note.

### (B) *Exchange of Temporary Global Note*

- (1) *Exchange for Permanent Global Note:* Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:
- (i) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note; or
  - (ii) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and received by the Fiscal Agent against, in the case of a CGN, presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or, in the case of partial exchange of a NGN, confirmation from the common service provider that Euroclear and Clearstream, Luxembourg have made appropriate entries in their records to reflect the relevant exchange and, in the case of final exchange of a NGN, surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or destruction of the Temporary Global Note by either Clearstream, Luxembourg or Euroclear (the "**ICSDs**") as the common safekeeper in accordance with the Agency Agreement, in any such case within seven days of the bearer requesting such exchange.

- (2) *Exchange for Definitive Notes:* Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.
- (3) *Delivery:* If:
- (i) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 pm (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
  - (ii) Definitive Notes have not been delivered by 5.00 pm (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
  - (iii) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 pm (London time) on such seventh day (in the case of (a) above) or at 5.00 pm (London time) on such thirtieth day (in the case of (b) above) or at 5.00 pm (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 23 May 2008 (the “**Deed of Covenant**”) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system.

(C) *Exchange of Permanent Global Note*

- (1) *Exchange for Definitive Notes:* Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the

bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

(2) *Delivery: If:*

- (i) Definitive Notes have not been delivered by 5.00 pm (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (iii) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 pm (London time) on such thirtieth day (in the case of (a) above) or at 5.00 pm (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system.

(D) *Exchange of Global Registered Notes*

- (1) *Global Registered Note:* Registered Notes held in Euroclear and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Global Registered Note which will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg (or such other relevant clearing system).
- (2) *Exchange for Registered Notes:* The Global Registered Note will become exchangeable in whole, but not in part, for individual Registered Notes if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, (b)



any of the circumstances described in Condition 7 occurs, or (c) at any time at the request of the registered Holder if so specified in the Final Terms.

- (3) *Delivery:* Whenever the Global Registered Note is to be exchanged for Registered Notes, such Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered Holder of the Global Registered Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar or the Transfer Agent (as the case may be) of such information as is required to complete and deliver such Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the Specified Office of the Registrar or the Transfer Agent (as the case may be). Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar or the Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Registered Notes have not been issued and delivered by 5.00 pm (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Registered Note or (b) any of the Notes evidenced by the Global Registered Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Registered Note on the due date for payment in accordance with the terms of the Global Registered Note, then the Global Registered Note (including the obligation to deliver Registered Notes) will become void at 5.00 pm (London time) on such thirtieth day (in the case of (a) above) or at 5.00 pm (London time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the registered Holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or other relevant clearing system (as the case may be).

(D) *Amendment to Conditions*

The Temporary Global Notes, Permanent Global Notes and Global Registered Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in the Fiscal Agency Agreement. The following is a summary of certain of those provisions:

- (1) *Meetings*: The holder of a Permanent Global Note or of the Notes represented by a Global Registered Note shall (unless such Permanent Global Note or Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such holder's holding, whether or not represented by a Global Registered Note).
- (2) *Cancellation*: Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.
- (3) *Purchase*: Notes represented by a Permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- (4) *Issuer's Options*: Any option of the Issuer provided for in the Conditions of the Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).
- (5) *Holder's Options*: Any option of the holders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Global Registered Note may be exercised by the Holder of such Permanent Global Note or Global Registered Note, giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent or the Registrar, in the case of a Global Registered Note substantially in the form of the notice available from any Paying Agent (or the Registrar, in the case of a Global Registered Note), except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Note or the Global Registered Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, (or the Registrar, in the case of a Global Registered Note).

(6) *Notices*: Notwithstanding Condition 14, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or Registered Global Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) , in the case of a CGN, deposited with a depository or a common depository for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or in the case of a NGN, with a common safekeeper, notices to the Holders of Notes of that Series may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Holders of the Notes in accordance with Condition 14. on the date of delivery to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system provided, however, that so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tagesblatt*).

(E) *Partly Paid Notes*

While any Partly Paid Instalments due from the holder of Partly Paid Notes are overdue, no interest in a Permanent Global Note or Registered Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes or a Registered Note (as the case may be). If any holder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to such holder in respect of them.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [●]

**The Czech Republic**  
*acting through the Ministry of Finance*

Issue of [*Aggregate Principal Amount of Tranche*] [*Title of Notes*]  
**€10,000,000,000 Euro Medium Term Note Programme**

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Amended and Restated Fiscal Agency Agreement dated 7 September 2009 (the “**Fiscal Agency Agreement**”). These Final Terms contain the final terms of the Notes and must be read in conjunction with the Terms and Conditions of the Notes as set forth in the Fiscal Agency Agreement.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Fiscal Agency Agreement with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Fiscal Agency Agreement dated [●]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Terms and Conditions of the Notes as set forth in the said Fiscal Agency Agreement.]

*Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*

### PART A – CONTRACTUAL TERMS

1. Issuer: The Czech Republic, *acting through the Ministry of Finance*
2. [(i)] Series Number: [●]  
[(ii)] Tranche Number: [●]  
*(If fungible with an existing Series, details of that Series, including the date on which the*

*Notes become fungible)*

3. Specified Currency or Currencies: [●]
4. Aggregate Principal Amount: [●]
- [(i)] Series: [●]
- [(ii)] Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Principal Amount  
[plus accrued interest from [*insert date*] (if applicable)]
6. (i) Specified Denominations: [●]

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

- (ii) Calculation Amount: [●]

*(If only one Specified Denomination, insert Specified Denomination. If more than one Specified Denomination, insert the highest factor. N.B. There must be a common factor in the case of two or more Specified Denominations)*

7. [(i)] Issue Date: [●]
- [(ii)] Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
8. Maturity Date: [●] [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]

*[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the*

*Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]*

9. Interest Basis: [[●] per cent. Fixed Rate]  
[[specify reference rate] +/- [●] per cent.  
Floating Rate]  
[Index-Linked]  
[Zero Coupon]  
[Other (specify)]  
*(further particulars specified below)*
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. [i] Status of the Notes: Senior
- [ii] Date approval for issuance of [●]  
Notes obtained:  
*(N.B. Only relevant where authorisation is required for the particular tranche of Notes.)*
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Notes Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent., per annum [payable  
[annually/semi-annually/quarterly/monthly/other  
(specify)] in arrears]

- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/other]
- (vi) [Determination Dates: [●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Notes Provisions:** [Applicable/Not applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph.]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Business Centre(s): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [●]

- (viii) Screen Rate Determination:
    - Reference Rate: [●]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]
  - (ix) ISDA Determination:
    - Floating Rate Option: [●]
    - Designated Maturity: [●]
    - Reset Date: [●]
  - (x) Margin(s): [+/-][●] per cent. per annum
  - (xi) Minimum Rate of Interest: [●] per cent. per annum
  - (xii) Maximum Rate of Interest: [●] per cent. per annum
  - (xiii) Day Count Fraction: [●]
  - (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
17. **Zero Coupon Note Provisions:** [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) [Amortisation/Accrual] Yield: [●]
  - (ii) Reference Price: [●]
  - (iv) Any other formula/basis of determining amount payable: [●]
18. **Index-Linked Interest Note Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*



- (i) Index/Formula/other variable: [*give or annex details*]
  - (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[●] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
  - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
  - (iv) Determination Date(s): [●]
  - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
  - (vi) Interest or calculation period(s): [●]
  - (vii) Specified Interest Payment Dates: [●]
  - (viii) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
  - (ix) Relevant Financial Centre: [*The financial centre most closely connected to the Index - specify if not London*]
  - (x) Minimum Rate/Amount of Interest: [●] per cent. per annum
  - (xi) Maximum Rate/Amount of Interest: [●] per cent. per annum
  - (xii) Day Count Fraction: [●]
19. **Dual Currency Note Provisions:** [Applicable/Not Applicable] [*If not applicable, delete the remaining sub-paragraphs of this paragraph*]

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Fiscal Agent]): [[●] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

#### PROVISIONS RELATING TO REDEMPTION

20. Call Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Call Option Date(s)/Call Option Period: [●]
  - (ii) Early Redemption Amount (Call) [●] per Calculation Amount Amount(s) of each Note and method, if any, of calculation of such amount(s): [●]
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
  - (iv) Notice period: [●]
21. Put Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Put Option Date(s)/Put Option [●]

Period:

- (ii) Early Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) Notice period: [●]
22. Final Redemption Amount of each Note: [●] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [●] per Calculation Amount

23. Early Redemption Amount

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]  
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice.]  
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note].
25. New Global Note: [Yes] [No]
26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/(specify)] [*Note that this item relates to the date and place of payment, and not interest period end dates*]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes (*give details*)/No]
28. Details relating to Partly Paid Notes (amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment): [Not Applicable/*give details*]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]

30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 18/annexed to these Final Terms] apply]
31. Consolidation provisions: [Not Applicable/The provisions in Condition 15 apply]
32. Other final terms: [Not Applicable/*give details*]

### **DISTRIBUTION**

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

### **PURPOSE OF FINAL TERMS**

[These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the €10,000,000,000 Euro Medium Term Note Programme of The Czech Republic acting through the Ministry of Finance.]

### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of The Czech Republic acting through the Ministry of Finance:

By:.....  
Duly authorised

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: Luxembourg/*None*
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●]. / [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange with effect from [●]].
- (iii) [Estimate of total expenses related to admission to trading:] [●]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [●]]
- [Moody's: [●]]
- [[Fitch: [●]]
- [[Other]: [●]]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

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

### 4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [●]

[(ii)] Estimated net proceeds: [•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

5. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

7. **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

8. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [●]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes][No] [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if “yes” selected in which case the Notes must be issued in NGN form*]



## DISTRIBUTION OF THE NOTES

### *Distribution of the Notes through Czech National Bank Auction*

The Notes listed pursuant to this Listing Document are issued under the €10,000,000,000 Euro Medium Term Note programme of the Czech Republic pursuant to the Fiscal Agency Agreement and will be distributed exclusively in the Czech Republic by means of auctions organized by the Czech National Bank, in which only certain financial institutions may participate. The auctions and criteria for participation therein are governed by the Rules for Primary Sale of Medium and Long Term Government Notes Organized by the Czech National Bank (*Pravidla pro primární prodej střednědobých a dlouhodobých státních dluhopisů organizovaný Českou národní bankou*) issued by the Czech National Bank.

### *Selling Restrictions*

#### **United States of America**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and thus may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (other than distributors) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

#### **Czech Republic**

No approval or permit has been sought or obtained from the Czech National Bank in accordance with Act No. 256/2004 Col., as amended (the “**Capital Markets Act**”), Act No. 190/2004 Coll., as amended (the “**Bonds Act**”), or otherwise in respect of the Notes, this document or the promotion thereof (except for notifying the Czech National Bank under the Bonds Act). No application has been filed nor has any permission been obtained nor has any other arrangement been made for accepting the Notes for trading on any regulated market in the Czech Republic. Pursuant to Section 34(3)(a)1. of the Capital Markets Act, the offering of securities issued by the Czech Republic (such as the Notes) does not constitute a public offering in the Czech Republic and is therefore exempt from the Czech regulation of public offering of securities.

## GENERAL INFORMATION

1. This document contains particulars of the Notes to be issued under the €10,000,000,000 Euro Medium Term Note programme of the Czech Republic and distributed as described in “*Distribution of the Notes*”. This document does not apply to Notes issued under the Issuer’s the €10,000,000,000 Euro Medium Term Note programme pursuant to the Offering Circular dated 23 May 2008. The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. This document neither constitutes a prospectus pursuant to Part II of the Luxembourg law on prospectus for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005 (the “**Luxembourg Prospectus Law**”) (which implements the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the “**Prospectus Directive**”)) nor a simplified prospectus pursuant to Chapter 2 of Part III of the Luxembourg Prospectus Law. Accordingly, this document does not purport to meet the format and the disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, and it has not been and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive and, in particular, the Supervisory Commission of the Financial Sector (*Commission de Surveillance de Secteur Financier*), in its capacity as competent authority under the Luxembourg Prospectus Law.
3. Application may be made to list Notes issued under the Programme on the Luxembourg Stock Exchange on an issue by issue basis from the date hereof. Notes may also be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as set out in the respective Final Terms.
4. The issuance of Notes under the Programme is authorised pursuant to the Bonds Act, Act No. 360/2007 Coll., on State Budget of the Czech Republic for 2008, specific Act No. 623/2006 Coll., specific Act No. 175/2007 Coll. and any other acts with equivalent content adopted for that purpose by the Czech Republic in the future. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.
5. The net proceeds of the issue of each Tranche of Notes will be used for funding deficits in the state budget, the repayment of principal of state debt and other purposes authorised by law.
6. For so long as the Programme remains in effect or any Note shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent and the Paying Agent in London and the Registrar in Germany:

- (a) the Bonds Act, Act No. 360/2007 Coll., on State Budget of the Czech Republic for 2008 (relevant provisions), specific Act No. 623/2006 Coll. and specific Act No. 175/2007 Coll.;
- (b) the Fiscal Agency Agreement, including the Terms and Conditions of the Notes;
- (c) the Deed of Covenant; and
- (d) the Dealer Agreement,

and copies and, where appropriate, English translation of the following documents may be obtained during normal business hours at the specified office of the Fiscal Agent and the Paying Agent in London:

- (e) this document (and any supplements thereto); and
  - (f) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a Holder of the relevant Notes upon production of evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.
7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
8. Bearer Notes (other than Temporary Global Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections of the Code referred to in such legend provide that a United States person who holds a Bearer Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
9. Pursuant to Section 3(3) of the Czech Bonds Act, the issuance of each Series and/or Tranche of the Notes must be notified to the Czech National Bank no later than on the date of issue of the relevant Notes setting out the place of issue and amount of relevant Series or Tranche and the form, yield and maturity of the relevant Notes.

**THE ISSUER**

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