

Base Prospectus



CITIGROUP FUNDING INC.

(incorporated in Delaware)

U.S. \$10,000,000,000 Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

CITIGROUP INC.

(incorporated in Delaware)

Under the Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus, Citigroup Funding Inc. (the "Issuer") may from time to time issue notes (the "Notes"), subject to compliance with all relevant laws, regulations and directives. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$10,000,000,000 (or the equivalent in other currencies), subject to any increase described herein. The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Citigroup Inc. (the "Guarantor").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under the "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "Dealer" and together the "Dealers") which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "Relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated July 10, 2005 on prospectuses for securities (the "Competent Authority") to approve this document as a base prospectus. Application will be made to the Luxembourg Stock Exchange for such Notes as will be issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market, and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 93/22/EC (the Investment Services Directive).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set out in the final terms (the "Final Terms") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF. Such Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

As specified in the relevant Final Terms, a Series (as defined below) of Notes may or may not be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market as may be agreed between the Issuer, the Guarantor and the relevant Dealer.

Each Tranche of Bearer Notes (as defined below) will initially be represented by a temporary Global Note (as defined below) which: (i) if the relevant Global Note is intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the Common Safekeeper) for Euroclear Bank (as defined below) and Clearstream, Luxembourg (as defined below) and (ii) if the relevant Global Note is not intended to be issued in NGN form, will be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear Bank”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) or as otherwise agreed between the Issuer, the Guarantor and the relevant Dealer. Interests in a temporary Global Note will be exchangeable for interests in a permanent Global Note (as defined below) or, if so stated in the relevant Final Terms, for definitive Bearer Notes on or after the date (the “Exchange Date”) which is the first day following the later of (x) 40 days after the later of the commencement of the offering of Notes of the relevant Tranche and the date of issue thereof (the “Initial Restricted Period”) and (y) if either the commencement of the offering of Notes of any other Tranche of the same Series or the date of issue thereof falls within the Initial Restricted Period, 40 days after the later of the commencement of the offering of such Tranche and the date of issue thereof, upon certification as to non-U.S. beneficial ownership. No interest will be payable in respect of a temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System. Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes. Registered Notes (as defined below) will be represented by Certificates (as defined below), one Certificate being issued in respect of each holder’s entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear Bank or Clearstream, Luxembourg will be registered in the name of nominees for Euroclear Bank or Clearstream, Luxembourg, as the case may be, or a common nominee for both, and the relative Certificate(s) will be delivered to the appropriate depositary or, as the case may be, a common depositary.

The Issuer and Guarantor may agree with any dealer that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such notes.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets (“Australian Domestic Notes”) will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes may or may not be listed on the Australian Stock Exchange Limited and will be constituted by a Deed Poll (as defined below) and will take the form of entries on a register to be maintained by an Australian Registrar (as defined below), all as more fully described in the applicable Final Terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. Persons. For a description of certain restrictions on offers and sales of Notes, see “Plan of Distribution”.

Notes issued under the Programme have, unless otherwise specified in the applicable Final Terms, been rated AA- by Standard & Poor’s Ratings Services, a division of McGraw Hill Companies Inc. (Standard & Poor’s). The Guarantor has been rated AA- by Standard & Poor’s Ratings Services, a division of McGraw Hill Companies Inc. (Standard & Poor’s).

Arranger of the Programme

Citigroup

Dealer

Citigroup

The date of this Base Prospectus is July 7, 2006

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2001/34/EC (the "Prospectus Directive").

The Issuer and the Guarantor (the "Responsible Persons") accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Issuer and the Guarantor confirms that such information as may be contained herein has been accurately reproduced and that, so far as each of the Issuer and the Guarantor is aware, and is able to ascertain from information published by the Issuer and/or Guarantor respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read in connection with all documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of the Base Prospectus.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers (as defined in "Plan of Distribution"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer and/or Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restriction.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Further restrictions on the offering, sale and distribution of the Notes and this document are set out under the heading "Plan of Distribution" on pages 59 to 61.

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus.

Neither this Base Prospectus nor any other financial statements or other information supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by the Issuer, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information supplied in connection with the Programme or Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Each potential purchaser is authorised to use this Base Prospectus solely for the purpose of considering the purchase of Notes described in the Base Prospectus; any other usage of the Base Prospectus is unauthorised. None of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

In connection with any Series (as defined below), one of the Dealers may act as a stabilising manager (the "Stabilising Manager"). The identity of the Stabilising Manager, if any, will be disclosed in the relevant Final

Terms. The reference in the next paragraph to "this issue" is to each Series in relation to which a Stabilising Manager is appointed.

In connection with the issue and distribution of any Tranche of Notes, the Dealer(s) (if any) disclosed as the Stabilising Manager(s) in the applicable Final Terms (or any persons acting on behalf of the Stabilising Manager(s)) may over-allot Notes or effect transactions (outside Australia and on a market operated outside Australia) with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) or any persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Such stabilising, if commenced will be undertaken in accordance with all applicable laws.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$10,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealership Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement, as described under "Plan of Distribution".

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This Base Prospectus has been prepared on the basis that all offers of Notes other than the offers contemplated in the Base Prospectus in Luxembourg, once the Base Prospectus has been approved by the competent authority in Luxembourg and published in accordance with the Prospectus Directive as implemented in Luxembourg will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Notes. Accordingly any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in this Base Prospectus should only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any of the Dealers to produce a prospectus for such offer. Neither the Issuer, the Guarantor nor the Dealers have authorised, nor do they authorise, the making of any offer of Notes through any financial intermediary, other than offers made by the Dealers which constitute the final placement of Notes contemplated in this Base Prospectus.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") other than, in the case of paragraph (a), persons receiving offers contemplated in the Base Prospectus in Luxembourg who receive any communication in respect of, or who acquire any Notes under, the offers contemplated in this Base Prospectus will be deemed to have represented, warranted and agreed to and with each Dealer, the Issuer and the Guarantor that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior

consent of the Dealers has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an “offer” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

The European Commission has adopted a Directive of the European Parliament and of the Council (2004/109/EC) (the “Transparency Directive”) on the harmonization of transparency requirements relating to financial information of issuers whose securities are admitted to trading on a regulated market in the European Union, such as the Luxembourg Stock Exchange. If the Transparency Directive (and/or any other European or national legislation) is implemented or takes effect in Luxembourg in a form that would require the Issuer to publish or produce its financial statements according to accounting principles other than U.S. statutory accounting principles or that would otherwise impose requirements on the Issuer that it in good faith determines are impracticable or unduly burdensome, the Issuer may elect to de-list the Notes. The Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system, as it and the relevant Dealers may decide. If such an alternative admission is not available to the Issuer, or is, in the Issuer’s opinion, unduly burdensome, an alternative admission may not be obtained.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “Euro” or “euro” are to the single currency introduced at the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union (the “Treaty”), references to “U.S. dollars” and “U.S.\$” are to the currency of the United States of America, references to “Yen” are to the currency of Japan, references to “Sterling” and “£” are to the currency of the United Kingdom, and references to “A\$” and “Australian dollars” are to the currency of Australia.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in "Terms and Conditions of the Notes" and in the relevant Final Terms or Supplemental Prospectus shall have the same meanings herein.

The Issuer:	Citigroup Funding Inc.
The Guarantor:	Citigroup Inc.
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealer:	Citigroup Global Markets Limited

The Issuer or the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the person listed above as a Dealer and to such additional persons which are appointed as dealers in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the person listed above as a Dealer and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent and Registrar:	Citibank, N.A., London office or Citigroup Global Markets Deutschland AG & Co. KgaA, as may be appointed in relation to each specific Series of Notes.
Size:	Up to U.S.\$10,000,000,000 (or the equivalent in other currencies at the date of the agreement to issue Notes) aggregate principal amount of Notes outstanding at any one time.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Australian dollars, Canadian dollars, Danish kronor, Euro, Hong Kong dollars, New Zealand dollars, Polish Zloty, pounds Sterling, South African Rand, Swedish kronor, Swiss francs or Japanese Yen, or in other currencies if the Issuer, the Guarantor and the Dealers so agree.

Notes issued on terms that they must be redeemed before their first anniversary where the proceeds of the issue of any Note are to be accepted in the United Kingdom may be subject to restrictions on their denominations and distribution as set out in “Maturities” below.

Redenomination:

The applicable Final Terms may provide that certain Notes may be redenominated into Euro. The relevant provisions applicable to any such redenomination are set out in Condition 18.

Maturities:

Any maturity date is subject to compliance with all relevant laws, regulations and directives.

Notes issued on terms that they must be redeemed before the first anniversary of the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) unless they are issued only to persons described in Article 9(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and have a denomination of at least £100,000 or its equivalent, see “Plan of Distribution”.

Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of such law and do not need to be approved by the CSSF.

Denominations:

Definitive Notes will be in such denominations as may be specified on the Note or in the Final Terms, subject to compliance with all relevant laws, regulations and directives.

The Issuer, the Guarantor and the relevant Dealer may agree that any Notes to be listed on the Luxembourg Stock Exchange or to be sold to investors within the European Economic Area are to be subject to the minimum denomination of Euro 50,000.

Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000.

Method of Issue:

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). Series of Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.

Form of Notes:

The Notes may be issued in bearer form only (“Bearer Notes”) or in registered form only (“Registered Notes”). Each Tranche of Bearer Notes will initially be represented by a temporary global note in bearer form (a “temporary Global Note”) which will be deposited (a) in the case of a Tranche intended to be cleared through the facilities of Euroclear Bank and/or Clearstream,

Luxembourg, on the issue date with either a common safekeeper or a common depository on behalf of Euroclear Bank and Clearstream, Luxembourg (as described below) and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear Bank and Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the Issuer, the Guarantor and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under "Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System". Interests in a temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (a "permanent Global Note") or, if so stated in the relevant Final Terms, for definitive Bearer Notes on or after the Exchange Date. The temporary Global Notes and permanent Global Notes are referred to herein as "Global Notes". Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes as described under "Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System". Registered Notes will be represented by definitive certificates ("Certificates"), one Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear Bank or Clearstream, Luxembourg will be registered in the name of nominees for Euroclear Bank and Clearstream, Luxembourg, or a common nominee for both, and the relative Certificate(s) (a "Global Certificate") will be delivered to the appropriate depository or, as the case may be, a common depository.

Notwithstanding the foregoing, Australian Domestic Notes:

- will be issued in registered uncertificated (or inscribed) form, constituted by a Deed Poll to be executed by the Issuer and governed by the laws of New South Wales, Australia (the "Deed Poll") as specified in the applicable Final Terms;
- will take the form of entries on a register to be maintained by an Australian registrar to be appointed by the Issuer and the Guarantor and specified in the applicable Final Terms (the "Australian Registrar");
- will provide for payments of principal and interest to be made in Sydney;
- will provide for the Issuer and the Guarantor to submit to the jurisdiction of the courts of New South Wales and appoint an agent for the service of process in New South Wales as specified in the applicable Final Terms;
- may be listed on the Australian Stock Exchange Limited; and
- will be eligible for lodgment into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773).
- Issue Price: Notes may be issued at their principal amount

or at a discount or premium to their principal amount. Partly-paid Notes may also be issued, the Issue Price of which will be payable in two or more instalments.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Fixed Interest Rate Notes:

Interest on Fixed Rate Notes will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR, LIBOR, LIBID or LIMEAN (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.

Variable Coupon Amount Notes:

The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to the fluctuation of the relative price, level, value, rate or a relationship between the index or indices specified in the relevant Final Terms or of such other formula or as otherwise provided in the relevant Final Terms.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Variable Redemption Amount Notes:

The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to the fluctuation of the relative price, level, value, rate or a relationship between the index or indices specified in the relevant Final Terms or of such other formula or as otherwise provided in the relevant Final Terms.

Exchangeable Notes:

The Final Terms issued in respect of each issue of exchangeable Notes, which may be convertible into or exchangeable or exercisable for or payable in, among other things, other securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing ("Deliverable Assets"), will specify the terms of exchangeable Notes.

Redemption by Instalments:

The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.

Other Notes:

Terms applicable to high interest Notes, low interest Notes, step-

up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note which the Issuer, the Guarantor and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

Structured Note Risks:

The following paragraph does not describe all the risks of an investment in the Notes. Prospective purchasers should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.

An investment in structured Notes the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, or which may be convertible into or exchangeable or exercisable for or payable in Deliverable Assets (such as Variable Redemption Amount Notes or Exchangeable Notes) may entail significant risks that are not associated with a similar investment in a debt instrument that has a fixed principal amount, is denominated in U.S. dollars and bears interest at either a fixed rate or a floating rate determined by reference to nationally published interest rate references. The risks of a particular structured Note will depend on the terms of such structured Note, but may include, without limitation, the possibility of significant changes in the prices of securities, currencies, intangibles, goods, articles or commodities or of other objective price, economic or other measures making up the relevant index or the Deliverable Assets (the "Underlying Assets"). Such risks generally depend on factors over which neither the Issuer nor the Guarantor has control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the Underlying Assets. In recent years, currency exchange rates and prices for various Underlying Assets have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any structured Note.

In considering whether to purchase structured Notes, investors should be aware that the calculation of amounts payable in respect of structured Notes may involve reference to an index determined by an affiliate of the Issuer and/or the Guarantor or to prices which are published solely by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area. This risk of loss as a result of the linkage of principal or interest payments on structured Notes to an index and to the Underlying Assets can be substantial. Prospective purchasers should consult their own financial and legal advisers as to the risks entailed by an investment in structured Notes.

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such

	redemption.
Status of the Notes:	The Notes will constitute unsubordinated and unsecured obligations of the Issuer as described in "Terms and Conditions of the Notes-Status".
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Guarantor from time to time outstanding.
Negative Pledge:	The Notes will contain a negative pledge as more fully set out in "Terms and Conditions of the Notes-Negative Pledge".
Cross Default:	None.
Early Redemption:	Except as provided in "Optional Redemption" above or as otherwise provided in the relevant Final Terms, Notes will be redeemable at the option of the Issuer and/or Guarantor prior to maturity only for tax reasons as described in "Terms and Conditions of the Notes - Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United States, subject to certain exceptions, all as described in "Terms and Conditions of the Notes – Taxation"
Governing Law:	English law, except that Australian Domestic Notes (and the Deed Poll and related documents) will be governed by, and construed in accordance with, the laws of New South Wales, Australia.
Listing:	<p>Application will be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange.</p> <p>As specified in the relevant Final Terms, a Series of Notes may or may not be listed on the Luxembourg Stock Exchange or any other stock exchange. In particular, Australian Domestic Notes may be listed on the Australian Stock Exchange Limited.</p> <p>The European Commission has proposed a Directive of the European Parliament and of the Council (2003/0045 (COD), the "Transparency Directive") on the harmonization of transparency requirements relating to financial information of issuers whose securities are admitted to trading on a regulated market in the European Union, such as the Luxembourg Stock Exchange. If the Transparency Directive is adopted and is implemented in Luxembourg in a manner that would require the Issuer to publish its financial statements according to accounting principles or standards that are materially different from U.S. generally accepted accounting principles or that would otherwise impose</p>

requirements on the Issuer or the Guarantor that it in good faith determines are unduly burdensome, the Issuer or the Guarantor may de-list the notes. The Issuer and the Guarantor will use their reasonable best efforts to obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the European Union, as it may decide. If such an alternative admission is not available to the Issuer or the Guarantor or is, in the Issuer's or the Guarantor's opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in "Terms and Conditions of the Notes — Notices".

Selling Restrictions:

United States, United Kingdom, Japan, European Economic Area, Republic of France, Switzerland and Australia. See "Plan of Distribution".

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer may elect to de-list the Notes if statutory requirements are impracticable or unduly burdensome.

Risk Factors:

There are certain risks related to any issue of Notes under this Programme which investors should ensure they fully understand. Additionally, the Guarantor's financial condition and results of operations may be affected by uncertain or unfavourable economic, market, legal and other conditions. These conditions include but are not limited to, market and competitive risk, changes in investor sentiment, liquidity risk, changes to credit ratings, credit exposure and operational risk and legal regulatory risk. These risks are set out in more detail on pages 8 to 12 of this Base Prospectus.

RISK FACTORS

EACH OF THE ISSUER AND THE GUARANTOR BELIEVES THAT THE FOLLOWING FACTORS MAY AFFECT ITS ABILITY TO FULFILL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME. ALL THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCY OCCURRING. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING THE ISSUER AND THE GUARANTOR.

The ability of the Issuer and the Guarantor to fulfill its obligations under the Notes is dependent on the earnings of the Guarantor's subsidiaries.

The Guarantor is a holding company that does not engage in any material amount of business activities that generate revenues. The Guarantor services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory authorities. Its subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends. If such subsidiaries did not realize sufficient earnings to satisfy applicable regulatory requirements, or if such requirements were changed to further restrict the ability of such subsidiaries to pay dividends to the Guarantor, the Guarantor's ability to fulfill its obligations under the Notes may be adversely affected.

Under U.S. banking law, the Guarantor may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than to fulfill its obligations under the Notes.

Under longstanding policy of The Board of Governors of the U.S. Federal Reserve System, a bank holding company (such as the Guarantor) is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, the Guarantor may be required to commit resources (in the form of investments or loans) to its subsidiary banks in amounts or at times that could adversely affect its ability to also fulfill its obligations under the Notes.

SET OUT BELOW ARE RISK FACTORS THAT THE ISSUER AND THE GUARANTOR BELIEVE REPRESENT THE PRINCIPAL RISKS INVOLVED IN INVESTING IN THE NOTES. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING INVESTING IN ANY NOTES.

Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments thereof in relation to the currency of the jurisdiction of an investor.

An investment in Notes denominated in a Specified Currency other than the currency of the jurisdiction of a particular investor (the "investor's currency"), entails significant risks that are not associated with a similar investment in a security denominated in the investor's currency. Similarly, an investment in an indexed Note, on which all or a part of any payment due is based on a currency other than the investor's currency, has significant risks that are not associated with a similar investment in non-indexed notes. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Specified Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Specified Currency resulting from the official redenomination or revaluation of the Specified Currency; and

- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which the Responsible Persons have no control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Notes may be denominated, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Depreciation of the Specified Currency Note against an investor's currency would result in a decrease in the effective yield of such Note below its coupon rate and could result in a substantial loss to the investor in terms of the investor's currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal, any premium, or interest on any Note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such specified currency.

Even if there are no actual exchange controls, it is possible that a Specified Currency would not be available to the Issuer and/or Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or Guarantor. Each investor should consult their own financial and legal advisors as to the risks of an investment in Notes denominated in a currency other than the investor's currency.

The unavailability of currencies could result in a loss of value of the Notes and payments thereof.

Except as set forth below, if payment on a Note is required to be made in a Specified Currency and that currency is –

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or the Guarantor's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community -

then, if the specified currency of a note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any specified currency that is a composite currency, then the payment obligations of the Issuer and/or Guarantor on the Note will be the amount of redenominated currency that represents the amount of the Issuer and/or Guarantor's obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the specified currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Changes in the value of underlying assets of indexed notes could result in a loss of value of the Notes and payments thereon.

An investment in indexed notes may have significant risks that are not associated with a similar investment in a debt instrument that:

- has a principal amount;
- is denominated in the investor's currency; and
- bears interest at either a fixed or a floating rate based on nationally published interest rate references.

The risks of a particular indexed Note will depend on the terms of that indexed Note. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the underlying assets;
- another objective price; and
- economic or other measures making up the relevant index.

Underlying assets could include:

- one or more securities or securities indices;
- one or more specified foreign currency or currency indices;
- a combination thereof;
- intangibles;
- goods;
- articles;
- commodities; and
- any other financial, economic or other measure or instrument.

The risks associated with a particular indexed Note generally depend on factors over which the Issuer and/or the Guarantor have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the underlying assets.

In recent years, currency exchange rates and prices for various underlying assets have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any indexed Note.

In considering whether to purchase indexed Notes, each investor should be aware that the calculation of amounts payable on indexed Notes may involve reference to:

- an index determined by an affiliate of the Issuer and/or the Guarantor; or
- prices that are published solely by third parties or entities which are not regulated by the laws of the United States, European Economic Area or the jurisdiction of the particular investor.

The risk of loss as a result of linking principal or interest payments on indexed Notes to an index and to the underlying assets can be substantial. Each Investor should consult their own financial and legal advisors as to the risks of an investment in indexed notes.

Risks related to the structure of a particular issue of Notes

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer and/or Guarantor may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Partly-paid Notes

The Issuer and Guarantor may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

General risks related to Notes

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters which may have a general or specific affect upon their interests. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of

Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 of the conditions of the Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes, although application has been made to list the Notes on the Luxembourg Stock Exchange.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a "Series"). Each Series may be issued in tranches (each a "Tranche") having different issue dates but the terms otherwise identical to other Tranches constituting such series (or identical other than in respect of the first payment of interest). The Notes of each Series are intended to be interchangeable with all other Notes of that Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in a Final Terms to this Base Prospectus (a "Final Terms"), the form of which is set out in "Form of Final Terms" below.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, are incorporated in, and form part of, this Base Prospectus:

- (1) the Certificate of Incorporation of the Guarantor;
- (2) the By-Laws of the Guarantor;
- (3) the 2005 Annual Report on Form 10-K of the Guarantor, as updated by the Quarterly Report on Form 10-Q filed with the United States Securities and Exchange Commission (the "Commission") on May 5, 2006; and
- (4) the Consolidated Financial Statements in respect of the period from January 14, 2005 (commencement of operations) to December 31, 2005 of the Issuer, published on June 26, 2006.

The following information appears on the pages of these documents as set out below:

1. audited historical financial information of the Issuer in respect of the year ended December 31, 2005, namely:
 - (a) consolidated statement of income set out on page 3 of the Consolidated Financial Statements in respect of the year ended December 31, 2005 of the Issuer.
 - (b) consolidated balance sheet set out on page 2 of the Consolidated Financial Statements in respect of the year ended December 31, 2005 of the Issuer.
 - (c) statement of changes in stockholders' equity set out on page 4 of the Consolidated Financial Statements in respect of the year ended December 31, 2005 of the Issuer.
 - (d) consolidated statement of cash flows set out on page 5 of the Consolidated Financial Statements in respect of the year ended December 31, 2005 of the Issuer.
 - (e) notes set out on page 6 to 13 of the Consolidated Financial Statements in respect of the year ended December 31, 2005 of the Issuer.
2. unaudited historical consolidated interim financial information of the Guarantor in respect of the quarter ended March 31, 2006, as set out in the Guarantor's Form 10-Q for the quarter ended March 31 2006 filed with the Commission on May 5, 2006, namely:

- (a) consolidated statement of income set out on page 76 of the Quarterly Report on Form 10-Q of the Guarantor.
 - (b) consolidated balance sheet set out on page 77 of the Quarterly Report on Form 10-Q of the Guarantor.
3. audited historical consolidated financial information of the Guarantor in respect of the years ending December 31, 2005, 2004, and 2003 namely:
- (a) consolidated statement of income set out on page 103 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
 - (b) consolidated balance sheet set out on page 104 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
 - (c) statement of changes in stockholders' equity set out on page 105 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
 - (d) consolidated statement of cash flows set out on page 106 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
 - (e) notes set out on pages 108 to 170 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
4. auditor's report relating to the Guarantor:
- (a) auditor's report covering period of two years for year ending December 31, 2005 set out on page 116 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
5. other information relating to the Guarantor:
- (a) description of the principal activities of the Guarantor set out on page 26 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.
 - (b) description of the principal markets in which the Guarantor competes set out on pages 40 to 74 of the Annual Report on Form 10-K of the Guarantor for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.

This Base Prospectus and the documents incorporated by reference will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu). For the purposes of listing on the Luxembourg Stock Exchange and directive 2003/71/EC of the European Parliament and of the Council, information or documents not listed in

the table above, but included in this "information incorporated by reference section", are for information purposes only.

In addition, all quarterly interim reports on Form 10-Q of the Guarantor, its Annual Reports on Form 10-K for fiscal years after 2005 and any other reports filed by the Guarantor with the Commission pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the 2005 Annual Report on Form 10-K referred to in sub-clause (1) will be filed by the Guarantor with the Commission and will be available to the public on the Commission's Internet Site (address: <http://www.sec.gov>).

The Issuer will, at the specific offices of the Paying Agents (as defined herein) during normal business hours, make available free of charge a copy of this Base Prospectus (and any document incorporated by reference in this Base Prospectus, other than exhibits to such documents), which will be published on the website of the Luxembourg Stock Exchange so long as any of the Notes is outstanding. Requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg (the "Luxembourg Listing Agent").

Any statement contained herein or in such documents and incorporated by reference herein shall be deemed to be disclosed herein and to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein or in any other subsequently dated document herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

This Base Prospectus should be read and construed in conjunction with any relevant Final Terms, the most recently published audited annual accounts, any interim accounts (whether audited or unaudited) published subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time, any interim reports filed subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time and any supplement to this Base Prospectus, and to form part of, this Base Prospectus; provided, however, that any statement contained herein or in such most recently published annual or interim accounts or filed reports shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained in any subsequent annual or interim accounts or filed reports modifies or supersedes such statement.

SUPPLEMENTS TO THIS BASE PROSPECTUS

The Issuer has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that so long as any Notes remain outstanding and are listed on the Luxembourg Stock Exchange, if there shall occur any adverse change in business or financial position of the Issuer or any change in the information set out under "Terms and Conditions of the Notes", that is material in the context of issuance under the Programme, the Issuer will either prepare a supplement to this Base Prospectus or publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange.

GENERAL DESCRIPTION OF THE PROGRAMME

The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or annexed to, the Notes, as supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "Form of Final Terms" below.

This Base Prospectus and any supplement will only be valid for the listing of Notes on the regulated market of the Luxembourg Stock Exchange (within the scope of Directive 2004/39/EC on Markets in Financial Instruments), in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under this Programme, does not exceed U.S.\$10,000,000,000 (or its equivalent in other currencies). For the purpose of calculating the U.S. dollar equivalent of the aggregate principal amount of Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another currency shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the forward rate for the sale of the U.S. dollar against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the Agreement Date;

- (b) the U.S. dollar equivalent of Variable Coupon Amount Notes shall be calculated in the manner specified above by reference to the original principal amount of such Notes;
- (c) the principal amount of Zero Coupon Notes and other Notes issued at a discount or a premium shall be deemed to be the net proceeds received by the Issuer or the relevant issue of Notes; and
- (d) the face principal amount of Variable Redemption Amount Notes will be taken into account regardless of the amount of the subscription price paid.

TERMS AND CONDITIONS OF THE NOTES

Except as indicated below, the following is the text of the terms and conditions (the "Conditions") which, as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series and will be endorsed on the definitive Bearer Notes or on the Certificates representing such Notes, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Final Terms which shall be endorsed on or attached to the relevant Notes or Certificates and shall be deemed part of the Conditions. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme, and references to the "Final Terms" are to the Final Terms relating to the Notes of such Series, and references to the "Conditions" include such Final Terms.

The Notes (other than Australian Domestic Notes as defined below) are issued pursuant to an Fiscal Agency Agreement dated July 7, 2006 (as amended and supplemented from time to time, the "Fiscal Agency Agreement") between Citigroup Funding Inc. (the "Issuer"), Citigroup Inc. (the "Guarantor"), Citibank, N.A., London office as fiscal agent (the "Fiscal Agent"), principal paying agent, transfer agent and registrar (the "Registrar"), Citigroup Global Markets Deutschland AG & Co. KgaA, (the "Registrar") and the other agents named therein and with the benefit of a Deed of Covenant dated June 9, 2005 (the "Deed of Covenant") executed by the Issuer in relation to the Notes. The Notes are the subject of a Deed of Guarantee (as amended, supplemented or replaced, as the case may be, from time to time the "Deed of Guarantee"), dated June 13, 2005 entered into by the Guarantor. The one or more initial paying agents (the "Paying Agents"), the transfer agents (the "Transfer Agents") (if any), the initial registrar (if any), and the initial calculation agent(s) (the "Calculation Agents") (if any), in each case with respect to the Notes, are specified in the Final Terms. The holders of the Notes, the holders of the interest coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons"), and the holders of the instalment receipts (the "Receipts") appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets ("Australian Domestic Notes") will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes will be constituted by a Deed Poll (as defined below) and will take the form of entries on a register to be maintained by an Australian Registrar (as defined below), all as more fully described in the applicable Final Terms.

Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents. Copies of the Deed Poll and the Registry Services Agreement (as defined below) will be available for inspection at the specified office of the Australian Registrar following issue of any Australian Domestic Notes.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes") as specified in the Final Terms and in each case in the Denomination(s) specified in the Final Terms or, in the case of Bearer Notes, shown thereon. All Registered Notes shall have the same Denomination.

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

Any Registered Notes issued are represented by registered certificates ("Certificates"), each Certificate representing a holding of one or more Registered Notes by the same holder (as defined below).

Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000.

Title to any Bearer Notes issued and the related Receipts, Coupons and Talons shall pass by delivery. Title to any Registered Notes issued shall pass by registration in the register which the Issuer or the Guarantor shall procure

to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft of loss thereof or any writing thereon made by anyone.

In these Conditions, "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), and "Noteholder" and, in the case of Coupons, "Couponholder", shall have correlative meanings. In these Conditions references to a Receipt, Coupon or Talon are references to any Receipt, Coupon or Talon as may be attached to any Bearer Note issued, as specified in the Final Terms.

All capitalised terms which are not defined in these Conditions will have the meanings given to them in the applicable Final Terms.

In the case of Australian Domestic Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Australian Domestic Notes are debt obligations of the Issuer owing under the Deed Poll specified in the applicable Final Terms executed by the Issuer in favour of the relevant Noteholders (the "Deed Poll") and take the form of entries in a register (the "Australian Register") to be maintained by an Australian registrar to be appointed by the Issuer and specified in the applicable Final Terms ("Australian Registrar"). Although Australian Domestic Notes will not be issued pursuant to the Fiscal Agency Agreement, Australian Domestic Notes may have the benefit of certain provisions of the Fiscal Agency Agreement as specified in the applicable Final Terms.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Australian Domestic Notes registered in the name of more than one person are held by those persons as joint tenants. Australian Domestic Notes will be registered by name only without reference to any trusteeship. The person registered in the Australian Register as a holder of an Australian Domestic Note will be treated by the Issuer and the Australian Registrar as the absolute owner of that Australian Domestic Note and neither the Issuer or the Australian Registrar will, except as ordered by a court of competent jurisdiction or as required by statute, be obliged to take notice of any other claim to an Australian Domestic Note.

2. Exchanges and Transfers of Notes

(a) Exchange of Notes

Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes may not be exchanged for Registered Notes. Registered Notes may not be exchanged for Bearer Notes.

(b) Transfer of Registered Notes

If Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the applicable Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Transfer of Australian Domestic Notes

Conditions 2(a) and (b) do not apply to Australian Domestic Notes. Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Notes entered in the Austraclear System (as defined below) will be transferable only in accordance with the Austraclear Regulations (as defined below).

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgment of a transfer and acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

Australian Domestic Notes may only be transferred if (a) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act 2001 of Australia, (b) the transfer complies with any applicable laws, regulations or directives of the jurisdiction in which the transfer takes place, and (c) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia. A transfer to an unincorporated association is not permitted.

In this Condition 2(c):

“Austraclear” means Austraclear Limited (ABN 94 002 060 773).

“Austraclear Regulations” means the rules and regulations established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System.

“Austraclear System” means the system operated by Austraclear for holding securities and the electronic recording and settling of transactions in those securities between members of that system.

(d) Exercise of Options or Partial Redemption in Respect of Registered Notes

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

(e) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) or (d) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the applicable Registrar to whom such form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Transfer Agent or of the applicable Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such form of transfer.

(f) Transfer Free of Charge

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

(g) Closed Periods

No holder of a Note may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 6(e), (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii) below).

3. Status

(a) Status of Notes

Notes and the Receipts and Coupons relating thereto constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4) unsecured obligations of the Issuer and rank pari passu and rateably without any preference among the obligations of the Issuer in respect of other Notes of the same Series of the Issuer and (subject to any applicable statutory exceptions and without prejudice as aforesaid) at least pari passu with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) Status of the Guarantee in respect of the Notes

The obligations of the Guarantor in respect of the Notes under the Deed of Guarantee are direct, unconditional and (subject to any applicable statutory exceptions and without prejudice to the provisions of Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured and unsubordinated obligations of the Guarantor, from time to time outstanding.

4. Negative Pledge

(a) Issuer

In relation to issues of Notes, so long as any Note remains outstanding, the Issuer will not, and will not permit any Subsidiary to, incur, issue, assume or guarantee any indebtedness if such indebtedness is secured by a pledge of, lien on, or security interest in any shares of Voting Stock of any Significant Subsidiary, whether such Voting Stock is owned now or acquired in the future, without effectively providing that the Notes (together with, if the Issuer shall so determine, any other indebtedness or obligations of the Issuer or any Subsidiary ranking equally with such Notes and then existing or thereafter created) shall be secured equally and rateably with such indebtedness. For the purposes of the foregoing, pledging, placing a lien on or creating a security interest in any shares of Voting Stock of a Significant Subsidiary in order to secure then outstanding indebtedness of the Issuer or any Subsidiary shall be deemed to be the incurrence, issuance, assumption or guarantee (as the case may be) of such indebtedness, but the foregoing shall not apply to indebtedness secured by a pledge of, lien on or security interest in any shares of Voting Stock of any corporation at the time it becomes a Significant Subsidiary, including extensions, renewals and replacements of such indebtedness without an increase in the amount thereof. For the purposes of the foregoing, "Subsidiary" means any corporation of which securities entitled to elect at least a majority of such corporation's directors shall at the time be owned, directly or indirectly, by the Issuer and/or one or more Subsidiaries; "Significant Subsidiary" means a Subsidiary, including its Subsidiaries, which meets any of the following conditions: (i) the Issuer and its other Subsidiaries' investments in and advances to the Subsidiary exceed 10% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year; or (ii) the Issuer and its other Subsidiaries' proportionate

share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year; or (iii) the Issuer and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of the Subsidiary exceeds 10% of such income of the Issuer and its Subsidiaries consolidated for the most recently completed fiscal year, and for the purposes of making such prescribed income test, the following shall be applicable: when a loss has been incurred by either the Issuer and its Subsidiaries consolidated or the tested Subsidiary, but not both, the equity in the income or loss of the tested Subsidiary shall be excluded from the income of the Issuer and its Subsidiaries consolidated for purposes of the computation; and if income of the Issuer and its Subsidiaries consolidated for the most recent fiscal year is at least 10% lower than the average of the income of the last five fiscal years, such average income shall be substituted for the purposes of the computation (any loss years shall be omitted for purposes of computing average income); and "Voting Stock" shall mean capital stock the holders of which have general voting power under ordinary circumstances to elect at least a majority of the directors of a corporation, provided that capital stock which carries only a right to vote conditional on the happening of an event shall not be considered voting stock, whether or not such event has happened.

(b) *Guarantor*

In relation to the Guarantor, so long as any Note remains outstanding, the Guarantor will not, and will not permit any Subsidiary to, incur, issue, assume or guarantee any Senior Indebtedness if such Senior Indebtedness is secured by a pledge of, lien on, or security interest in any shares of Voting Stock of any Significant Subsidiary, whether such Voting Stock is owned now or acquired in the future, without effectively providing that the Notes (together with, if the Guarantor shall so determine, any other indebtedness or obligations of the Guarantor or any Subsidiary ranking equally with such Notes and then existing or thereafter created) shall be secured equally and rateably with such Senior Indebtedness. For the purposes of the foregoing, pledging, placing a lien on or creating a security interest in any shares of Voting Stock of a Significant Subsidiary in order to secure then outstanding Senior Indebtedness of the Guarantor or any Subsidiary shall be deemed to be the incurrence, issuance, assumption or guarantee (as the case may be) of such Senior Indebtedness, but the foregoing shall not apply to Senior Indebtedness secured by a pledge of, lien on or security interest in any shares of Voting Stock of any corporation at the time it becomes a Significant Subsidiary, including extensions, renewals and replacements of such Senior Indebtedness without an increase in the amount thereof. For the purposes of the foregoing, "Significant Subsidiary", "Subsidiary" and "Voting Stock" shall have the same meanings ascribed to them in Condition 4(a) above (with the substitution of "Guarantor" for "Issuer" where appropriate), "Senior Indebtedness" shall mean (i) the principal, premium, if any, and interest in respect of indebtedness of the Guarantor for money borrowed and indebtedness evidenced by securities, notes, debentures, bonds or other similar instruments issued by the Issuer including all indebtedness (whether now or hereafter outstanding) issued under the indenture dated as of 15 March 1987 between the Guarantor and the Bank of New York, as trustee, as the same may be amended, modified or supplemented from time to time; (ii) all capital lease obligations of the Guarantor; (iii) all obligations of the Guarantor issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Guarantor and all obligations of the Guarantor under any conditional sale or title retention agreement (but excluding trade accounts payable in the ordinary course of business); (iv) all obligations, contingent or otherwise, of the Guarantor in respect of any letters of credit, banker's acceptance, security purchase facilities and similar credit transactions; (v) all obligations of the Guarantor in respect of any interest rate swap, cap or other agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements; (vi) all obligations of the type referred to in (i) to (v) above of other Persons for the payment of which the Guarantor is responsible or liable as obligor, guarantor or otherwise; and (vii) all obligations of the type referred to in clauses (i) to (vi) of other Persons secured by any lien on any property or asset of the Guarantor (whether or not such obligation is assumed by the Issuer), except that Senior Indebtedness shall not include: any indebtedness issued by the Guarantor under an indenture with Bank One Trust Company N.A., dated as of July 17, 1998, as supplemented; any indebtedness issued by the Guarantor before May 31, 2004 under the indenture, dated as of October 7, 1996, between Citigroup

and JPMorgan Chase Bank, as supplemented (the “1996 junior subordinated debt indenture”); any guarantee entered into by the Guarantor before May 31, 2004 in respect of any preferred securities, Capital Securities or preference stock of a trust to which the Guarantor issued any indebtedness under the 1996 junior subordinated debt indenture; and any indebtedness or any guarantee that is by its terms subordinated to, or ranks equally with the Subordinated Notes issued under the Guarantor’s U.S. \$40,000,000,000 Programme for the issuance of EMT Notes and the issuance of which (x) has received the concurrence or approval of the staff of the Federal Reserve Bank of New York or the staff of the Board of Governors of the Federal Reserve System or (y) does not at the time of issuance prevent the Subordinated Notes issued under the Guarantor’s U.S. \$40,000,000,000 Programme for the issuance of EMT Notes from qualifying for Tier 2 capital treatment (irrespective of any limits on the amount of the Guarantor’s Tier 2 capital) under the applicable capital adequacy guidelines, regulations, policies or published interpretations of the Board of Governors of the Federal Reserve System and “Person” means any individual, company, corporation, firm, partnership, limited liability company, joint venture, association, trust, organization, state or agency of a state or other entity, whether or not having separate legal personality.

5. Interest and Other Calculations

(a) *Interest Rate and Accrual*

Unless otherwise provided in the Final Terms, each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrears on each interest payment date (each, an “Interest Payment Date”).

If the Notes are Variable Coupon Notes or Exchangeable Notes, any specific terms relating to the method for determining any interest payable thereon will be set out in the Final Terms.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (after as well as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(b) *Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) *Interest Rate on Floating Rate Notes*

(i) *Screen Rate and Reference Banks Determination*

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

(a) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest

Rate shall be:

- (A) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (B) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page, in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
- (b) if the Primary Source for the Floating Rate is the Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if subparagraph (i)(y) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre or, if the Relevant Currency is Euro, the Euro-zone at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
- (c) if paragraph (ii) above applies, and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (ii) *ISDA Determination*
- (a) Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "ISDA Rate" for an Interest Period means the rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:
- (A) the Floating Rate Option is as specified in the applicable Final Terms;
 - (B) the Designated Maturity is a period specified in the applicable Final Terms; and
 - (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) or on the Euro-zone interbank offered rate (EURIBOR), the first day of that Interest Period or (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (ii), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(d) *Interest on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(d)).

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

(i) If any Margin or Rate Multiplier is specified in the Final Terms (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes "unit" means the lowest amount of such currency which is available as legal tender in the country of such currency.

(f) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction (as defined below), save that (i) where an Interest Amount (or a formula for its calculation) is specified in respect of such period in the Final Terms, the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula) and (ii) if the Final Terms specifies that the Interest Rate applicable to the Notes is fixed, the interest shall be calculated on the basis set out in the Final Terms.

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

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

Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, the Interest Amount, the Interest Payment Date, the Redemption Amount and any Instalment Amount or (ii) in all other cases, as soon as practicable but in no event later than the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate 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 all parties.

(h) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below: "Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year, whether or not constituting an Interest Period (the "Calculation Period"):

- (i) if "Actual/365" or "Actual/Actual-ISDA" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/365 (sterling)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (vi) if "30E/360" or "Eurobond Basis" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (vii) if "Actual/Actual \pm ISMA" is specified in the Final Terms, (a) if the Calculation Period is the same as or shorter than the Interest Accrual Period during which it falls, the actual number of

days in the Calculation Period divided by (x) the number of days in the Interest Accrual Period times (y) the number of Interest Accrual Periods in a year or (b) if the Calculation Period starts in one Interest Accrual Period and ends in another, the sum of (A) the actual number of days in such Calculation Period falling within the first Interest Accrual Period divided by (x) the actual number of days in such first Interest Accrual Period times (y) the number of Interest Accrual Periods in a year and (B) the calculation in (A), but substituting "second Interest Accrual Period" for "first Interest Accrual Period"; and

- (viii) if "RBA Bond Basis" or "Australian Bond Basis" is specified in the Final Terms, one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, "Actual/365" as defined in paragraph (i) above).

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Established Rate" means the rate for conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 1091 (4) of the Treaty.

"Euro-zone" means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

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

"Interest Commencement Date" means the date of issue of the Notes (the "Issue Date") or such other date as may be specified in the Final Terms.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, (ii) the day falling two Relevant Business Days in London prior to the first day of such Interest Accrual Period if the specified currency is neither Sterling nor Euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the specified currency is Euro.

"Interest Period" means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the Final Terms.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, hereon or in the Final Terms.

"Other Notes" means, at any time, any one or more Series of other Notes of the Issuer which have the same or substantially the same Conditions (as then in effect and which have not lapsed and/or the rights in respect of which have not been exercised) as the Notes (other than in relation to the currency of original denomination and/or denomination and/or the Conditions relating to business days or interest accrual bases and/or the stock exchange(s), if any, on which such Notes are listed and/or the clearing system(s) on which such Notes are cleared and settled and/or redenomination into Euro and/or notices);

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service ("Reuters"), the "BRIDGE" Information System ("BRIDGE") and the Bloomberg Financial Markets Commodities News

("Bloomberg")) as may be specified in the Final Terms for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Redenomination Date" means (in the case of interest bearing Notes) the Interest Determination Date or (in the case of non-interest bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 14 and which falls on or after such date as when the country of the Relevant Currency participates in the third stage of European economic and monetary union pursuant to the Treaty.

"Reference Banks" means the institutions specified as such in the Final Terms or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the relevant Benchmark.

"Relevant Business Day" means:

- (i) in the case of a specified currency other than Euro and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency (which shall be Auckland, in the case of New Zealand dollars) and/or each of the financial centres so specified; and/or
- (ii) in the case of Euro, a TARGET Business Day; and/or
- (iii) in the case of a specified currency and for one or more specified financial centres, a day (other than a Saturday or a Sunday) in which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the financial centres so specified.

"Relevant Currency" means the currency specified in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified in the Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time or, where the specified currency is Euro, Brussels time.

"Specified Denomination" means the denomination specified in the relevant Final Terms.

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the Final Terms or, if none is specified, a period of time equal to the related Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b).

“TARGET Business Day” means a day on which the TARGET System is operating.

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

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

(i) *Calculation Agent and Reference Banks*

The Issuer will ensure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre (one of which may be the Issuer or an affiliate of the Issuer) and one or more Calculation Agents (one of which may be the Issuer or an affiliate of the Issuer), if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest 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.

6. Redemption, Purchase and Options

(a) *Final Redemption*

Unless otherwise provided in the Final Terms, or unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified on each Note. If the Notes are Variable Redemption Amount Notes or Exchangeable Notes, Noteholders may receive a Redemption Amount on the Maturity Date thereof, a payment of premium or interest on any Interest Payment Date or on the Maturity Date or both, a Redemption Amount and a payment of premium or interest that is greater than or less than the amount of principal, premium or interest which would otherwise be payable on such dates, depending upon the fluctuation of the relative price, level, value, rate of or relationship between the specified index or indices. Specific terms relating to the method for determining the Redemption Amount payable on the Maturity Date of any Variable Redemption Amount Notes, the amount of premium or interest payable on any Interest Payment Date and on the Maturity Date and the face amount of the Variable Redemption Notes will be set out in the Final Terms.

Exchangeable Notes may be convertible into or exchangeable or exercisable for or payable in, among other things, other securities, notes, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing (“Deliverable Assets”). Specific terms relating to the Exchangeable Notes, including with respect to the Redemption Amount thereof, will be described in the Final Terms. If the Notes are Exchangeable Notes, the term “payment” as used in these Conditions shall include the delivery of Deliverable Assets required or permitted to be delivered pursuant to these Conditions, and the term “principal” shall mean or include any Deliverable Assets.

(b) *Redemption for Taxation Reasons*

- (i) The Notes may be redeemed at the option of the Issuer or the Guarantor in whole, but not in part, at any time, on giving not less than 30 or more than 60 days’ notice in accordance with Condition 14 (which notice shall be irrevocable), at the Redemption Amount thereof (calculated without premium), if the Issuer or the Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to Condition 8 as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated

thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which any person (including any person acting as underwriter, broker or dealer) agrees to purchase any of such Notes pursuant to their original issuance, and such obligation cannot be avoided by the Issuer or Guarantor, as the case may be, taking reasonable measures available to it; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b)(i), the Issuer or Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes (i) a certificate signed by an officer of the Issuer or Guarantor, as the case may be, stating that the Issuer or Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in the United States, to the effect that the Issuer or Guarantor, as the case may be, has or will become obligated to pay such additional interest as a result of such change or amendment.

- (ii) Unless otherwise specified in the Final Terms, if the Issuer or Guarantor shall determine that any payment made outside the United States by the Issuer or any of its Paying Agents in respect of any Bearer Note, Receipt, Coupon or Talon, if any, that is not a Floating Rate Note (an "Affected Note") would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind, the effect of which requirement is the disclosure to the Issuer or Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Affected Note that is a United States Alien (as defined below) (other than such a requirement (i) that would not be applicable to a payment made by the Issuer or any one of its Paying Agents (A) directly to the beneficial owner or (B) to a custodian, nominee or other agent of the beneficial owner, or (ii) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien; provided that, in any case referred to in clause (i)(B) or (ii), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement), then the Issuer or Guarantor, as the case may be, shall elect either (x) to redeem such Affected Notes in whole, but not in part, at the Redemption Amount thereof (calculated without premium) or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional interest specified in such paragraph. The Issuer or Guarantor, as the case may be, shall make such determination as soon as practicable and publish prompt notice thereof (the "Determination Notice"), stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer elects to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph and (if applicable) the last date by which the redemption of the Affected Notes must take place (the "Redemption Date"), as provided in the next succeeding sentence. If any Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer or Guarantor shall specify by notice given to the Fiscal Agent at least 60 days before the Redemption Date. Notice of such redemption shall be given to the holders of the Affected Notes not more than 60 days or less than 30 days prior to the Redemption Date. Notwithstanding the foregoing, the Issuer shall not so redeem the Affected Notes if the Issuer shall subsequently determine, not less than 30 days prior to the Redemption Date, that subsequent payments on the Affected Notes would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer shall publish prompt notice of such subsequent determination, and any earlier redemption notice given pursuant to this paragraph shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (i) a certificate signed by an officer of the Issuer stating that the Issuer is entitled to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Affected Notes or to pay the

additional interest specified in the next succeeding paragraph have occurred and (ii) a legal opinion, from lawyers of recognised standing in the United States, to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or any of its Paying Agents in respect of any Affected Note of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph or (ii) is imposed as a result of presentation of any such Affected Note for payment more than 15 days after the Relevant Date (as defined in Condition 8)), will not be less than the amount provided in any such Affected Note to be then due and payable. If the Issuer or Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph, then the Issuer shall have the right to redeem the Affected Notes at any time in whole, but not in part, at the Redemption Amount thereof (calculated without premium), subject to the provisions of the last three sentences of the immediately preceding paragraph. If the Issuer or Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Affected Notes in whole, but not in part, at the Redemption Amount thereof (calculated without premium), subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer to pay additional interest pursuant to this paragraph. If the Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after publication of the notice of redemption, as the Issuer shall specify by notice to the Fiscal Agent at least 60 days prior to the Redemption Date.

The term "United States Alien" means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

(c) *Purchases*

The Issuer or Guarantor any of their respective subsidiaries or affiliates may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any Notes or Coupons so purchased may be held or resold or surrendered for cancellation together with all unmatured Coupons attached thereto or purchased therewith.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, and the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(b) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be

made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the Final Terms.

- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this subparagraph will continue to be made (after as well as before judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(d).

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

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

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

In the case of a partial redemption or a partial exercise of the Issuer's option the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed. The Notes to be redeemed shall, in the case of Notes represented by definitive Notes, have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, and, in the case of Notes represented by a Global Note, will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their direction) subject in either case to compliance with any applicable laws and stock exchange requirements.

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

If so provided in the Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount or, if so specified in the Final Terms, the Holders' Option Redemption Amount, together with interest accrued to the date fixed for redemption.

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

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the Final Terms, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

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

7. **Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its related Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(g)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(g)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States and its possessions by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency or, in the case of Euro, will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, in the case of United States dollars, a bank in the same city as a Paying Agent; and, provided further, that, except as provided in Condition 7(d), no payment in respect of Bearer Notes will be made by mail to an address in the United States or its possessions or by wire transfer to an account maintained by the holder in the United States or its possessions; or, in the case of the payment of Deliverable Assets if so specified in the Final Terms, as specified therein.

(b) *Registered Notes*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the applicable Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the applicable Registrar. Upon application by the holder to the specified office of the applicable Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, in such financial centre in the Euro-zone notified to the applicable Registrar by such holder.

(c) *Payments in respect of Australian Domestic Notes*

Conditions 7(a) and 7(b) shall not apply to Australian Domestic Notes. In respect of Australian Domestic Notes, the Australian Registrar will act (through its office in Sydney) as paying agent for Australian Domestic Notes pursuant to the Registry Services Agreement (such Registry Services

Agreement as amended or supplemented from time to time, the "Registry Services Agreement") between the Issuer and the Australian Registrar specified in the applicable Final Terms.

Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheques drawn on an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar (or in any other manner which the Australian Registrar and the Noteholder agree).

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment.

Interest will be calculated in the manner specified in Condition 5 above and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

In this Condition 7(c), Record Date means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of principal or interest.

(d) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid only if (i) the Issuer or Guarantor shall have appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer or Guarantor, any adverse tax consequence to the Issuer or Guarantor.

(e) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged

to the holders of Notes or Couponholders in respect of such payments.

(f) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the applicable Registrar, Transfer Agent, the Calculation Agent and the Australian Registrar initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below or in the applicable Final Terms. The Fiscal Agent, the Paying Agents, the applicable Registrar, Transfer Agent, the Calculation Agent and the Australian Registrar act solely as agents or, as the case may be, registrars of the Issuer and Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the applicable Registrar, any Transfer Agent or the Australian Registrar and to appoint additional or other agents (any of which may be the Issuer or an affiliate of the Issuer, or the Guarantor or an affiliate of the Guarantor) provided that the Issuer and Guarantor will at all times maintain (i) a Fiscal Agent, (ii) at any time at which any Registered Note is outstanding, a Registrar or, in the case of Australian Domestic Notes, an Australian Registrar in relation thereto, (iii) at any time at which any Registered Note (other than an Australian Domestic Note) is outstanding, a Transfer Agent in relation thereto, (iv) a Calculation Agent where the Conditions so require one, (v) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require), and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

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

Each of the Issuer and the Guarantor have also undertaken that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

(g) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Final Terms provides that the related Coupons are to become void upon the due date for redemption of the Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 5 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the relevant Coupon so provides, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (v) If the Final Terms provides that the related Coupons are to become void upon the due date for redemption of those Notes and any Bearer Note is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 9).

(i) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks are open for business in the relevant place of presentation for payment of debt securities and for dealings in foreign currencies, in such jurisdictions as shall be specified as "Business Day Jurisdictions" in the Final Terms and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which dealings in foreign currencies may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) on a TARGET Business Day.

8. Taxation

The Issuer and Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Receipt, Coupon or Talon that is a United States Alien such amounts as may be necessary so that every net payment on such Note, Receipt, Coupon or Talon, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided in such Note, Receipt, Coupon or Talon to be then due and payable. However, neither the Issuer nor the Guarantor will not be required to make any such payment of additional interest for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for (i) the existence of any present or former connection between such holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (ii) such holder's past or present status as a personal holding

company, foreign personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;

- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a Note, Receipt, Coupon, Talon or Deed of Guarantee for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the "Relevant Date");
- (d) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note, Receipt, Coupon, Talon or Deed of Guarantee;
- (e) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Note, Receipt, Coupon, Talon or Deed of Guarantee if such payment can be made without such deduction or withholding by any other Paying Agent;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a Note, Receipt, Coupon, Talon or Deed of Guarantee if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of stock of the Issuer or that is a controlled foreign corporation related to the Issuer through stock ownership;
- (h) a payment on a Note, Receipt, Coupon, Talon or Deed of Guarantee to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the holder of such Note, Receipt, Coupon, Talon or Deed of Guarantee;
- (i) any tax, assessment or other governmental charge imposed on a payment to an individual and required to be made pursuant to EC Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income relating to the proposal for or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (j) any tax, assessment or other governmental charge imposed on any Note, Receipt, Coupon, Talon or Deed of Guarantee presented for payment by or on behalf of a holder who would have been able to avoid such tax, assessment or other governmental charge by presenting the relevant Note, Receipt, Coupon, Talon or Deed of Guarantee to another paying agent in a Member State of the European Union.

References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts, Deliverable Assets and all other amounts in the nature of principal payable pursuant to Condition 6 or the provisions of the Final Terms, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5

or the provisions of the Final Terms and (iii) in any context, the payment of the principal of (or premium, if any) or interest on any Note or payment with respect to any Receipt, Coupon or Talon, such mention shall be deemed to include mention of the payment of additional interest provided for in this Condition 8 to the extent that, in such context, additional interest is, was or would be payable in respect thereof pursuant to the provisions of this Condition 8 and express mention of the payment of additional interest (if applicable) in any provisions hereof shall not be construed as excluding additional interest in those provisions hereof where such express mention is not made.

9. Prescription

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

10. Events of Default

- (a) "Event of Default" wherever used herein with respect to the Notes means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law, pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):
- (i) default in the payment of any interest upon any Note or any payment with respect to the Coupons, if any, when it becomes due and payable, and continuance of such default for a period of 30 days; or
 - (ii) default in the payment of the principal of (or premium, if any, on) any Note at its due date, and continuance of such default for a period of 10 days; or
 - (iii) default in the performance, or breach, of any covenant or warranty of the Issuer or the Guarantor in these Conditions or the Fiscal Agency Agreement (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Condition 10 specifically dealt with) or the Guarantor under the Deed of Guarantee, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or Guarantor by the holders of at least 25% in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
 - (iv) the entry of a decree or order for relief in respect of the Issuer or the Guarantor by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the Guarantor or of any substantial part of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
 - (v) the commencement by the Issuer or the Guarantor of a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the Guarantor or of any substantial part of their property, or the making by it of an assignment for the benefit of its creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any action.
 - (vi) the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect. For the avoidance of doubt, for the purposes of this provision the Deed of Guarantee

shall be deemed not to have ceased to be in full force and effect in circumstances where a substitution of the Guarantor is effected in accordance with Condition 16.

- (b) If an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25% in principal amount of the Outstanding Notes may declare the principal amount (or, if the Notes are Zero-Coupon Notes, the Amortised Face Amount as calculated pursuant to Condition 6(d) above or, if the Notes are Variable Redemption Amount Notes or Exchangeable Notes, such amount as may be specified for this purpose in the Final Terms or, if none is so specified, the amount expressed as the Principal Amount thereof) of and all accrued but unpaid interest on the Notes to be due and payable immediately, by a notice in writing to the Issuer and the Guarantor (and to the Fiscal Agent in the case of Notes other than Australian Domestic Notes), and upon any such declaration such principal amount (or specified amount) and interest shall become immediately due and payable. Upon payment of such amounts in the currency in which the Notes are denominated or, if the Notes are Exchangeable Notes, as provided in the Final Terms, all obligations of the Issuer or the Guarantor in respect of the payment of principal of and interest on the Notes shall terminate.

At any time after such a declaration of acceleration of the Notes has been made and before a judgment or decree for payment has been obtained, the holders of a majority in principal amount of the Outstanding Notes, by written notice to the Issuer and the Guarantor, may rescind and annul such declaration and its consequences if:

- (i) the Issuer or the Guarantor has paid or deposited with the Fiscal Agent or the Australian Registrar (as appropriate) a sum in the currency in which such Notes are denominated or, if the Notes are Exchangeable Notes, as provided in the Final Terms, sufficient to pay:
- (A) all overdue instalments of interest on the Notes or all overdue payments with respect to any related Receipts or Coupons;
 - (B) the amounts of principal (and premium, if any) on the Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in these Conditions;
 - (C) to the extent that payment of such interest is lawful, interest upon overdue instalments of interest on each Note or upon overdue payments on any Receipts or Coupons at the rate or rates prescribed therefor in such Notes, Receipts, or Coupons; and
 - (D) all sums paid or advanced by the Paying Agents or the Australian Registrar (as appropriate) and the reasonable compensation, expenses, disbursements and advances of the Paying Agents; *provided, however*, that all sums payable under this sub-paragraph (D) shall be paid in U.S. dollars; and
- (ii) all Events of Default with respect to the Notes, other than the non-payment of principal of and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived as provided in Condition 11.

No such rescission and waiver shall affect any subsequent default or impair any right consequent thereon.

For all purposes under these Conditions, if a portion of the principal of any Zero-Coupon Notes shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Zero-Coupon Notes shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration,

together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Zero-Coupon Notes

“Outstanding” when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under these Conditions prior to such date, except:

- (aa) Notes cancelled by the Fiscal Agent or the Australian Registrar (as appropriate) or delivered to the Fiscal Agent for cancellation;
- (bb) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent or any Paying Agent or the Australian Registrar (as appropriate) in accordance with the Fiscal Agency Agreement or the Registry Services Agreement; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to these Conditions or provision therefor satisfactory to the Fiscal Agent or the Australian Registrar (as appropriate) has been made; and
- (cc) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to these Conditions, other than any such Notes in respect of which there shall have been presented to the Fiscal Agent proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer;

provided, however, that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent or the Australian Registrar (as appropriate) the pledgee’s right to act with respect to such Notes and that the pledgee is not the Issuer or the Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer. In determining whether the holders of the requisite principal amount of Outstanding Notes have performed any act hereunder, the principal amount of a Zero-Coupon Note, Variable Redemption Amount Note or Exchangeable Note that shall be deemed to be Outstanding for such purpose shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration pursuant to this Condition 10.

11. Meetings of Noteholders and Modifications

(a) Meetings of Noteholders

The Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) of the Notes (including these Conditions insofar as the same may apply to such Notes or the Deed of Guarantee). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Notes, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to take any steps which as specified in the Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of

holders of Notes or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) is present.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the Final Terms in relation to such Series and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error.

(b) *Modification of Fiscal Agency Agreement or Deed Poll*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll, if to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes or pursuant to an Extraordinary Resolution.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of the Bearer Notes, Receipts, Coupons or Talons) and the applicable Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 14, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes so that, for the avoidance of doubt, references in the Conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14. Notices

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Registered Notes listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must also be published in a daily leading newspaper having general circulation in Luxembourg and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

In addition, notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in The Australian Financial Review. Any such notice will be deemed to have been given on the date of such publication.

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and 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 daily leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) or on the website of the Luxembourg Stock Exchange. If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of

first publication as provided above.

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

15. Consolidation or Merger

- (a) The Issuer shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless:
- (i) the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the "successor corporation") shall be a corporation organised and existing under the laws of the United States or any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 16, expressly assume the due and punctual payment of the principal of (and premium, if any) and interest (including all additional interest, if any, payable pursuant to Condition 8) on all the Notes and any Receipts or Coupons and the performance of these conditions on the part of the Issuer to be performed or observed;
 - (ii) immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of the Issuer or the Guarantor and any Subsidiary (as defined below) which owns or may hereafter own, directly or indirectly, any of the voting stock of, or succeeds to any substantial part of the business now conducted by, such corporation (a "Restricted Subsidiary") as a result of such transaction as having been incurred by the Issuer (or such Restricted Subsidiary) at the time of such transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing;
 - (iii) the successor corporation waives any right to redeem any Bearer Note under circumstances in which the successor corporation would be entitled to redeem such Bearer Note but the Issuer would not have been so entitled to redeem if the consolidation, merger, conveyance, transfer or lease had not occurred; and
 - (iv) in relation to Notes listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange is notified, a supplement to the Base Prospectus is filed with the Luxembourg Stock Exchange and a notice is published in a daily newspaper having general circulation in Luxembourg.

For the purposes of these Conditions "Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof.

- (b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with Condition 15(a) above, the successor corporation formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer with the same effect as if such successor corporation had been named as the Issuer herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under these Conditions, the Notes, any Receipts or Coupons and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate).

16. Substitution of the Issuer and the Guarantor

- (a) Either the Issuer or the Guarantor (in respect of the Deed of Guarantee) may at any time, without the consent of the holders or the Couponholders, substitute for itself any company (the "Substitute") upon notice by such Issuer and the Guarantor, as the case may be, and the Substitute to be given in

accordance with Condition 14, provided that:

- (i) no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue;
 - (ii) the Substitute shall, by means of a deed poll (in the case of Notes other than Australian Domestic Notes) in the form scheduled to the Fiscal Agency Agreement as Schedule 8 (the "Substitute Deed Poll"), agree to indemnify each holder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon, the Deed of Covenant, the Deed Poll or the Deed of Guarantee, as the case may be and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
 - (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that the Substitute Deed Poll, the Notes, Receipts, Coupons, Talons, Deed of Covenant or the Deed of Guarantee represent valid, legally binding and enforceable obligations of the Substitute are taken, fulfilled or done;
 - (iv) the Substitute shall have become party to the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate), with any appropriate consequential amendments, as if it had been an original party to it;
 - (v) legal opinions shall have been delivered to the Issuer from lawyers of recognised standing in each jurisdiction referred to in (ii) above and in England and in New South Wales (in the case of Australian Domestic Notes) as to the fulfilment of the requirements of this Condition 16 and the other matters specified in the Substitute Deed Poll and that the Notes and any Receipts, Coupons and Talons, or, in the case of the Guarantor, the Deed of Guarantee relating thereto, are legal, valid and binding obligations of the Substitute;
 - (vi) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (vii) in relation to Notes listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange is notified, a supplement to the Base Prospectus is filed with the Luxembourg Stock Exchange and a notice is published in a daily newspaper having general circulation in Luxembourg;
 - (viii) Moody's and/or Standard & Poor's and/or Fitch as the case may be, shall have confirmed that following the proposed substitution of the Substitute, the credit rating of the Notes will not be adversely affected;
 - (ix) in the case of a substitution in relation to Australian Domestic Notes, the Substitute has appointed a process agent as its agent in Australia to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with those Australian Domestic Notes; and
 - (x) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Substitute Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer or the Guarantor under the Notes and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate) with the same effect as if the Substitute had been named as the Issuer or Guarantor, as

the case may be, herein, and the Issuer or the Guarantor, as the case may be, shall be released from its obligations under these Conditions, the Notes, any Receipts or Coupons and the Fiscal Agency Agreement, the Registry Services Agreement or the Deed of Guarantee, as the case may be.

- (c) After a substitution pursuant to Condition 16(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provision specified in Condition 16(a) and 16(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer or the Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) The Substitute Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent or the Australian Registrar (as appropriate). Copies of such documents will be available free of charge at the specified office of each of the Paying Agents if they relate to Notes other than Australian Domestic Notes.

17. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall (other than if the Notes provide for payment in the form of Deliverable Assets, in which case such payment shall be governed by the terms applicable thereto specified in the Final Terms) only constitute a discharge to the Issuer or the Guarantor to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which the recipient 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 the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Guarantor shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt of any other judgment or order.

18. Redenomination

If Redenomination is specified in the relevant Final Terms as being applicable, the Issuer or the Guarantor, as may be applicable, may, without the consent of the Noteholders or Couponholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the relevant currency adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (i) each Specified Denomination and, in the case of fixed rate Notes, each amount specified on the Coupons will be deemed to be denominated in such amount of Euro as is equivalent to its denomination or the amount of interest so specified in the Relevant Currency at the Established Rate, rounded down to the nearest Euro 0.01;

- (ii) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Relevant Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee, or at the option of the payee, by a Euro cheque;
- (iii) if the Notes are fixed rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis described as "Actual/Actual-ISDA" in Condition 5(h)(i);
- (iv) if the Notes are Floating Rate Notes, the relevant Final Terms will specify any relevant changes to the provisions relating to interest; and
- (v) such other changes shall be made to these Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro or to enable the Notes to be consolidated with Other Notes whether or not originally denominated in the Relevant Currency or Euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

Neither the Issuer nor any Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this Condition 18 will, in the absence of manifest error, be conclusive and binding on the Issuer, the Fiscal Agent, the Paying Agents, the applicable Registrar and the Noteholders.

19. Governing Law and Jurisdiction

(a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law; except that Australian Domestic Notes, the Deed Poll and the Registry Services Agreement are governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

(b) *Jurisdiction*

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

In the case of Australian Domestic Notes, the Issuer has irrevocably agreed for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement (together referred to as "Australian Proceedings") may be brought in such courts.

The Issuer has irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Australian Proceedings in any such court and any claim that any such Australian Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Australian Proceedings brought in the courts of New South Wales and courts of appeal from them shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

(c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5CB to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify holders of Notes of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

For so long as any Australian Domestic Notes are outstanding, the Issuer has appointed the person specified in the applicable Final Terms as its agent for the time being to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. In the event of such person ceasing to act, the Issuer will appoint another agent.

20. Rights of Third Parties

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM OR WHILE REGISTERED IN THE NAME OF A NOMINEE FOR A CLEARING SYSTEM

Initial Issue of Notes

Each Tranche of Bearer Notes will initially be represented by a temporary Global Note, in bearer form without Coupons, which will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through Euroclear Bank and/or Clearstream, Luxembourg: (i) if the relevant Global Note is intended to be issued in a new global note NGN form, as stated in the applicable Final Terms, with a common safekeeper for Euroclear Bank and Clearstream, Luxembourg, and (ii) if the relevant Global Note is not intended to be issued in NGN form, with a common depository (the "Common Depository") for Euroclear Bank and for Clearstream, Luxembourg or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear Bank and Clearstream, Luxembourg or delivered outside a clearing system, as otherwise agreed between the Issuer and the Relevant Dealer on or about the issue date of the relevant Notes. Notes issued in registered form will be represented by Certificates, one Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear Bank and Clearstream, Luxembourg will be registered in the name of nominees for Euroclear Bank and Clearstream, Luxembourg, or a common nominee for both, and the relative Certificate(s) will be delivered to the appropriate depository or, as the case may be, a common depository. Upon the initial deposit of a Global Note with the Common Depository, or the initial registration in the name of nominees for Euroclear Bank and Clearstream, Luxembourg, or a common nominee for both, and delivery of the relative Global Certificate(s) to the appropriate depositories, or a common depository, Euroclear Bank or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof to which it has subscribed and paid.

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries in a register maintained by the Australian Registrar.

The Issuer will apply to Austraclear Limited ("Austraclear") for approval for each Series of Australian Domestic Notes to be traded on the settlement system operated by Austraclear ("Austraclear System"). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of the Australian Domestic Notes.

If accepted for admission to the respective system, interests in Australian Domestic Notes may be held through Euroclear Bank or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Domestic Notes in Euroclear Bank would be held in the Austraclear System by a nominee of Euroclear Bank (currently Westpac Custodian Nominees Limited ABN 18 002 861 565) while entitlements in respect of holdings of interest in the Australian Domestic Notes in Clearstream Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently ANZ Nominees Limited ABN 96 005 357 568).

The rights of a holder of interests in Australian Domestic Notes held through Euroclear Bank or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear Bank and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear Bank and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

In addition any transfer of interests in Australian Domestic Notes, which is held through Euroclear Bank or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act 2001 of Australia and the requirements set out in Condition 2(c) of the Notes.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear Bank or Clearstream, Luxembourg as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear Bank or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note or the holder of the underlying Global Certificate in registered form, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance

with the respective rules and procedures of Euroclear Bank or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Global Certificate, as the case may be, in respect of each amount so paid.

Amendment to Conditions

The temporary Global Notes, the permanent Global Notes and Global Certificates contain provisions which apply to the Notes which they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1. Exchange of Global Notes

Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Bearer Notes on or after the Exchange Date upon certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement in the case of Bearer Notes. As described in the next paragraph, each permanent Global Note is exchangeable in whole (or, in the case of Partly-paid Notes only, in part) at the request of the holder or the Issuer and in each case at the cost and expense of the Issuer for definitive Bearer Notes by such holder giving notice to the Fiscal Agent, or, as the case may be, by the Issuer giving notice of its intention to exchange (at the option, cost and expense of the Issuer) such permanent Global Note for definitive Bearer Notes on or after the Exchange for Definitive Date (as defined below) specified in the notice.

On or after any Exchange for Definitive Date, the holder of a permanent Global Note may surrender such permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bearer Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 2 to the Fiscal Agency Agreement (as varied or supplemented by the relevant Final Terms). On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Bearer Notes.

“Exchange for Definitive Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given by the holder or the Issuer and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the cities in which the relevant clearing system is located.

2. Exchange of Global Certificates

If the Final Terms states that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear Bank or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) if principal in respect of any Notes is not paid when due; or
- (c) with the consent of the Issuer;

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the registered holder of such Global Certificate has given the applicable Registrar not less than 30 days' notice at its specified office of such registered holder's intention to effect such transfer.

3. Payments

No payment falling due on or after the Exchange Date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Bearer Notes is improperly withheld or refused. Payments on any temporary Global Note prior to the Exchange Date will only be made against presentation, if the temporary Global Note is not intended to be issued in NGN form, and only to the extent that certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement. All payments in respect of Notes represented by a Global Note will be made, if the relevant Global Note is not intended to be issued in NGN form, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

4. Notices

So long as any Notes are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to holders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) or on the website of the Luxembourg Stock Exchange.

5. Prescription

Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

6. Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and, at any such meeting, 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 Noteholder's holding whether or not represented by a Global Certificate.

7. Purchase and Cancellation

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

8. Default

Each Global Note and Global Certificate provides that the holder may exercise the right to declare such Global Note, or one or more Registered Notes represented by such Global Certificate, due and repayable in accordance with the provisions of Condition 10 by stating in a notice to the Issuer and the Fiscal Agent the principal amount of such Global Note or Registered Notes to which such notice relates. If principal in respect of any Note is not paid within a period of 10 days from the date on which such principal is due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the Deed of Covenant executed as a deed by the Issuer on June 9, 2005 to come into effect in relation to the whole or part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes represented by such Global Certificate, as the case may be, as accountholders with a clearing system. Following the giving of a notice electing for the acquisition of direct enforcement rights, the Global Note or Registered Notes represented by the Global Certificate will become void as to the specified portion and the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the Issuer under the terms of the Deed of Covenant. No such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

9. Issuer's Option

No drawing of Notes will be required under Condition 6(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note and that notice to Noteholders need not contain the serial numbers of the Notes to be redeemed. 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 rights of accountholders with Euroclear Bank or Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear Bank or Clearstream, Luxembourg (as the case may be) and the partial redemption will be reflected in the records of Euroclear Bank and/or Clearstream Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion.

10. Noteholders' Option

Any option of a Noteholder may be exercised by the holder of a Global Note or a Global Certificate giving notice to the Fiscal Agent or any Paying Agent (in the case of Bearer Notes) or the applicable Registrar or any Transfer Agent (in the case of Registered Notes) of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limits specified in the Conditions.

11. Partly-paid Notes

The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Bearer Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

12. Redenomination

Following redenomination of the Notes pursuant to Condition 18, the amount of interest due in respect of Notes represented by the Global Note or Global Certificate will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest Euro 0.01.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for general corporate purposes primarily to provide funds to Citigroup and its subsidiaries, and may be used to refinance or extend the maturity of certain of the Issuer's existing debt obligations.

DESCRIPTION OF THE ISSUER

CITIGROUP FUNDING INC.

Incorporation

Citigroup Funding Inc. is a wholly-owned subsidiary of Citigroup Inc. It was incorporated as a Stock Company on January 13, 2005, and is organized under the laws of the State of Delaware with file number 3912224. Its principal executive offices are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. Its business activities consist primarily of providing funds to Citigroup and its subsidiaries for general corporate purposes.

Business Activity

The Issuer has filed (and received acceptance of) registration statements with the United States Securities and Exchange Commission, has issued securities from those registration statements, and has issued commercial paper. The Issuer's purpose is to "engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware", as stated in Article THIRD of Issuer's Certificate of Incorporation. Other than the foregoing activities, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Notes and the authorization of documents and agreements referred to in this document to which it is, or will be, a party. The Issuer is directly owned by Citigroup Inc., and its debt is fully guaranteed by Citigroup Inc.

Directors and Officers

The directors of the Issuer are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc., unless otherwise indicated).</i>	
Scott Friedenrich	Executive Vice President	
James Garnett	Vice President, Citibank, N.A.	Member of the board of directors and the audit committee of WNB, Inc.
John C. Gerspach	Controller and Chief Accounting Officer, Citigroup Inc.	
Saul M. Rosen	Chief Tax Officer, Citigroup Inc.	
Eric Wentzel	Executive Vice President and Treasurer	

Other officers of the Issuer are:

David S. Winkler	Executive Vice President and Chief Financial Officer
Jacqueline P. Linden	Executive Vice President and Senior Risk Officer
William Bozarth	Executive Vice President
Mark Handsman	Executive Vice President

John C. Morris	Executive Vice President
Clifford Verron	Executive Vice President
Charles E. Wainhouse	Executive Vice President
Michael S. Zuckert	Secretary
Michael Conway	Vice President and Controller
Melanie J. Alfano	Vice President and Assistant Treasurer
Gregory C. Ehlke	Vice President and Assistant Treasurer
Ruth S. Lenrow	Vice President and Assistant Treasurer
Joseph Martinelli	Vice President and Assistant Treasurer
Peter Mozer	Vice President and Assistant Treasurer
Edward D. Price	Vice President and Assistant Treasurer
Geoff Richards	Vice President and Assistant Treasurer
Martin A. Waters	Vice President and Assistant Treasurer
Lee Grohman	Vice President (Tax)
Joseph Hargrove	Vice President (Tax)
Kenneth S. Cohen	Assistant Secretary
Howard M. Darmstadter	Assistant Secretary
Richard D. Sider	Assistant Secretary
Michael J. Tarpley	Assistant Secretary
Douglas C. Turnbull	Assistant Secretary

The business address of each director of the Issuer in his capacity as such is 399 Park Avenue, New York, NY 10043, United States of America. The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the officers listed herein and their private interests or other duties.

Corporate Governance

To the best of its knowledge and belief, the Issuer complies with the laws and regulations of Delaware regarding corporate governance.

Capitalisation

The authorised share capital of the Issuer is \$10 consisting of 1,000 shares of \$0.01 par value each, all of which have been issued and are fully paid up. The Issuer is a direct wholly-owned subsidiary of Citigroup Inc.

As of December 31, 2005 the Issuer had total assets of \$50,971,210,000, comprising principally inter-company advances.

FINANCIAL INFORMATION RELATING TO THE ISSUER

The following table sets out in summary form selected financial information for the Issuer. The summary form was derived from the audited consolidated financial information of the Issuer in respect of the period from January 14, 2005 (commencement of operations) to December 31, 2005, which was published on June 26, 2006.

**At December 31, 2005 or in respect
of the period from January 14, 2005
(commencement of operations) to
December 31, 2005 (audited)**

(thousands of U.S. Dollars)

Income Statement Data:

Total revenues, net of interest expense	441
Net Income (Loss)	(2,386)
Balance Sheet Data:	
Total assets	50,971,210
Long-term debt	5,960,462
Total stockholder's equity	72,614

Auditors

The auditors of the Issuer are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

Material Contracts

The Issuer has no contracts that are material to its ability to fulfill its obligations under the Notes.

Credit Rating

The Issuer does not possess a credit rating since the Guarantor guarantees its obligations.

DESCRIPTION OF THE GUARANTOR

CITIGROUP INC.

Citigroup Inc. (“**Citigroup**” or the “**Guarantor**”) is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries. Citigroup’s objects and purposes are to “engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware”, as stated in Article THIRD of Citigroup’s Restated Certificate of Incorporation. Citigroup’s activities are conducted through the Global Consumer, Corporate and Investment Banking, Global Wealth Management, and Alternative Investments business segments. Citigroup’s principal subsidiaries are Citibank, N.A., Associates First Capital Corporation, Citigroup Global Markets Inc., and Grupo Financiero Banamex, S.A.de C.V., each of which is a wholly owned, indirect subsidiary of Citigroup.

The Guarantor is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries. The Guarantor’s subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities, state insurance departments and securities regulators in the United States. The Guarantor’s subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. The Guarantor currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect the Guarantor’s ability to service its own debt. The Guarantor must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock. Each of the Guarantor’s major operating subsidiaries finances its operation on a stand-alone basis consistent with its capitalisation and ratings.

Under longstanding policy of The Board of Governors of the Federal Reserve System, a bank holding company is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, the Guarantor may be required to commit resources to its subsidiary banks.

As at the date of this Base Prospectus, Citigroup has been assigned long-term unsecured senior debt ratings of “AA-” by Standard & Poors, “Aa1” by Moody’s Investors Service and “AA+” by Fitch, and long-term unsecured subordinated debt ratings of “A+” by Standard and Poors, “Aa2” by Moody’s Investors Service and “AA” by Fitch.

The principal office for the Guarantor is located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. The Guarantor was established as a corporation incorporated in Delaware on March 8, 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citigroup’s authorized capital stock consists of 15 billion shares of common stock and 30 million shares of preferred stock. As at March 31, 2006, there were 4,971,241,487 fully paid common stock shares outstanding. A common stock share carries one vote, and no preemptive or other subscription rights, conversion rights. A preferred stock share carries no general voting rights.

All of the Guarantor’s common stock and preferred stock are held in book entry form. Under U.S. law, no shareholder has to declare its holdings of voting equity in the Guarantor unless it owns 5% or more of the outstanding shares.

DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citigroup are:

Board of Directors

C. Michael Armstrong

Main duties outside the Guarantor

Chairman, Board of Trustees, Johns Hopkins Medicine, Health Systems & Hospital.

Alain J.P. Belda	Chairman and CEO, Alcoa Inc.
George David	Chairman and CEO, United Technologies Corporation.
Kenneth T. Derr	Chairman, Retired, Chevron Corporation.
John M. Deutch	Institute Professor, Massachusetts Institute of Technology.
Ann Dibble Jordan	Consultant; Director, Johnson & Johnson.
Klaus Kleinfeld	President and CEO, Siemens AG.
Andrew N. Liveris	President, CEO and Chairman-Elect, The Dow Chemical Company.
Dudley C. Mecum	Managing Director, Capricorn Holdings, LLC.
Anne M. Mulcahy	Chairman and CEO, Xerox Corporation.
Richard D. Parsons	Chairman and CEO, Time Warner Inc.
Charles Prince	-
Roberto Hernández Ramírez	Chairman of the Board, Banco Nacional de Mexico.
Judith Rodin	President, Rockefeller Foundation.
Robert E. Rubin	-
Franklin A. Thomas	Consultant, The Study Group.
Honary Director	
The Honorable Gerald R. Ford	Former President of the United States.

The executive officers of Citigroup are: Ajay Banga, Winfried F.W. Bischoff, David C. Bushnell, Robert Druskin, Stephen J. Freiberg, John C. Gerspach, Michael S. Helfer, Lewis B. Kaden, Sallie Krawcheck, Manuel Medina-Mora, Charles Prince, William R. Rhodes, Robert E. Rubin, Todd S. Thomson and Stephen R. Volk. The business address of each director and executive officer of Citigroup in such capacities is 399 Park Avenue, New York, New York 10043.

The Guarantor is not aware of any conflicts of interest between the private interests of its senior management and the interests of the Guarantor that would be material in the context of any Issuance of Notes.

The Guarantor is in compliance with the laws and regulations of the United States relating to corporate governance.

Committees of the Board of Directors

The standing committees of Citigroup's board of directors are:

The executive committee, which acts on behalf of the board if a matter requires board action before a meeting of the full board can be held.

The audit and risk management committee, which assists the board in fulfilling its oversight responsibility relating to (i) the integrity of Citigroup's financial statements and financial reporting process and Citigroup's systems of internal accounting and financial controls, (ii) the performance of the internal audit function – Audit and Risk Review, (iii) the annual independent integrated audit of Citigroup's consolidated financial statements, the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's qualifications, independence and performance; (iv) policy standards and

guidelines for risk assessment and risk management; (v) the compliance by Citigroup with legal and regulatory requirements, including Citigroup's disclosure controls and procedures; and (vi) the fulfilment of the other responsibilities set out in its charter, as adopted by the board.

Subcommittees of the audit and risk management committee cover Citigroup's corporate and consumer businesses.

The members of the audit and risk management committee are C. Michael Armstrong, George David, John M. Deutch, Andrew N. Liveris and Judith Rodin.

The nomination and governance committee, which is responsible for identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders. It leads the board in its annual review of the board's performance and recommends to the board director candidates for each committee for appointment by the board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the board the Corporate Governance Guidelines applicable to Citigroup and monitoring Citigroup's compliance with these policies and the Guidelines. The committee also reviews Citigroup's Code of Conduct, the Code of Ethics for Financial Professionals and other internal policies to monitor that the principles contained in the Codes are being incorporated into Citigroup culture and business practices.

The personnel and compensation committee, which is responsible for determining the compensation for the Office of the Chairman and the Chief Executive Officer, and approving the compensation structure for senior management, including the operating committee, members of the business planning groups, the most senior managers of corporate staff and other highly paid professionals in accordance with guidelines established by the committee from time to time. Further, the committee approves equity, broad-based and special compensation plans across Citigroup and reviews employee compensation strategies.

Additionally, the committee regularly reviews Citigroup's management resources, succession planning and talent development activities, as well as the performance of senior management.

The committee is also charged, in conjunction with the public affairs committee, with monitoring Citigroup's performance toward meeting its goals on employee diversity.

The public affairs committee, which is responsible for reviewing Citigroup's policies and programs that relate to public issues of significance to Citigroup and the public at large and reviewing relationships with external constituencies and issues that impact Citigroup's reputation. The committee also has responsibility for reviewing political and charitable contributions made by Citigroup and the Citigroup Foundation, reviewing Citigroup's policies and practices regarding employee and supplier diversity, reviewing Citigroup's environmental policies and programs, and reviewing Citigroup's policies regarding privacy.

The special litigation committee, which was formed to determine whether or not Citigroup should undertake litigation against one or more persons identified in demands submitted by a stockholder regarding certain Citigroup activities, including Citigroup's business relationships with Enron Corporation, Dynegy, Inc., Adelphia Communications Corporation, WorldCom, Inc., and Parmalat.

SUMMARY FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following tables set out in summary form selected financial information for the Guarantor and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Guarantor contained in the Guarantor's Annual Report on Form 10-K for the year ended December 31, 2005 as filed with the Commission on February 24, 2006.

	At or for the year ended December 31, 2005		
	2005	2004	2003
	(audited)	(audited)	(audited)
	(in millions of U.S. Dollars)		
Income Statement Data:			
Total revenues, net of interest expense	83,642	79,635	71,594
Income from continuing operations	19,806	16,054	17,058
Net Income	24,589	17,046	17,853
Balance Sheet Data:			
Total assets	1,494,037	1,484,101	-
Total deposits	592,595	562,081	-
Long-term debt	217,499	207,910	-
Total stockholders' equity	112,537	109,291	-

Auditors

The auditors of the Guarantor are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

The Guarantor's financial statements as of and for the years ended December 31, 2005 and 2004 have been audited by KPMG LLP. KPMG LLP expressed an unqualified opinion on the Guarantor's financial statements for the years ended December 31, 2005 and 2004.

Material Contracts

The Guarantor has no contracts that are material to its ability to fulfill its obligations under the Notes.

Credit Rating

As at the date of this Base Prospectus, the Guarantor has been assigned a long-term unsecured senior debt rating of AA- by Standard & Poor's.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in an Amended and Restated Dealership Agreement dated July 7, 2006 (the "Dealership Agreement") between the Issuer, the Arranger and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than ten business days' notice.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver the Notes of any Tranche, (i) as part of their distribution at any time, (ii) otherwise until 40 days after the later of the commencement of the offering of Notes of the same Tranche and the date of issue thereof or (iii) in the event of a distribution of a Tranche that is fungible therewith, from the earlier of the commencement of the offering of such fungible Tranche and the date of issue thereof until 40 days after the later of the commencement of the offering of such fungible Tranche and the date of issue thereof, within the United States or to, or for the account or benefit of, U.S. persons, and at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Variable Coupon Amount Notes, Variable Redemption Amount Notes and Exchangeable Notes, as well as certain other issuances of Notes, may be subject to such additional U.S. selling restrictions as the Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant

Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction above is in addition to the selling restrictions set out below.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Dealer has represented and agreed that, in connection with its initial distribution of the Notes, no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; the prospectus or any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) and/or a restricted circle investors (*cercle restreint d'investisseurs*), all as defined in Articles L. 411-2, D. 411-1, D. 411-2 and D. 411-4 of the *Code monétaire et financier*. The direct or indirect distribution to the public in France of any so acquired Notes may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.

The foregoing shall apply in addition to the restrictions, warranties and representations set out under the heading "European Economic Area" above.

Japan

Each Dealer understands that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of the Securities and Exchange law of Japan and otherwise in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Franc denominated debt securities.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or the Notes has been or will be lodged with the Australian Securities Investments Commission ("ASIC"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (unless the applicable Final Terms otherwise provides) it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes, for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to any Notes in Australia;

unless:

- (i) the aggregate consideration payable on acceptance of the offer by each offeree is at least A\$500,000 (or its equivalent in another currency, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not constitute an offer or invitation for which disclosure is required to be made to investors under with Part 6D.2 of the Corporations Act 2001 of Australia;
- (ii) such action complies with all applicable laws, regulations and directives; and
- (iii) does not require any document to be lodged with ASIC.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where, or under circumstances in which action for that purpose is required and has not been taken.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefor.

PRO FORMA FINAL TERMS

Final Terms dated •

Citigroup Funding Inc.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Citigroup Inc.

under the \$10,000,000,000 Euro Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated July 7, 2006 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the registered office of the Issuer and at the office of the paying agent in London.

[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 guidance for completing the Final Terms.]

[When adding any other final terms or information including final terms at items 9, 10, 15, 16, 17, 29 or 31 of Part A or in relation to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|---|------|------------------------------------|--|
| 1 | (i) | Issuer: | Citigroup Funding Inc. |
| | (ii) | Guarantor: | Citigroup Inc. |
| 2 | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | [] |
| 3 | | Specified Currency or Currencies: | [] |
| 4 | | Aggregate Nominal Amount of Notes: | [] |
| | (i) | Series: | [] |
| | (ii) | Tranche: | [] |
| 5 | (i) | Issue Price: | [] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| | (ii) | Net Proceeds | [] |

- (iii) Estimated total expenses []
- 6 Specified Denominations: []
- 7 (i) Issue Date: []
- (ii) Interest Commencement Date []
- 8 Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
- 9 Interest Basis: [• % Fixed Rate]
[[specify reference rate] +/- • % Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
- 12 Yield [• Calculation as [explain].]
[Fixed Rate Notes only]
Not Applicable
[Other Notes]
- 13 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 14 (i) Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
- (ii) Status of the Guarantee: [Senior/[Dated/Perpetual] Subordinated]
- (iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [] , respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for this particular tranche of Notes or related Guarantee)
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16 Fixed Rate Note Provisions

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

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

17 Floating Rate Note 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) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (iv) Additional Business Centre(s): []

- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (vii) Screen Rate Determination:
 Reference Rate: []
 Interest Determination Date(s): []
 Relevant Screen Page: []
- (viii) ISDA Determination:
 Floating Rate Option: []
 Designated Maturity: []
 Reset Date: []
- (ix) Margin(s): [+/-][] per cent per annum
- (x) Minimum Rate of Interest: [] per cent per annum
- (xi) Maximum Rate of Interest: [] per cent per annum
- (xii) Day Count Fraction: [Actual/365]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360]
 [30E/360]
 [Other]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
- 18 Zero Coupon Note Provisions [Applicable/Not Applicable]
 (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) [Amortisation/Accrual] Yield: [] per cent per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment [Conditions [Redemption and Purchase – Early Redemption Amounts (iii) and [- late payment on zero coupon notes] apply / specify other]

19 Index-Linked Interest Note/other variable-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 – need to include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive exploration of how the value of the investment is affected by the underlying]*
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or formula is impossible or impracticable:
- (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: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
- (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) Business Centre(s): []

- (x) Minimum Rate/Amount of Interest: [] per cent per annum
- (xi) Maximum Rate/Amount of Interest: [] per cent per annum
- (xii) Day Count Fraction: []

20 Dual Currency Note Provisions

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

- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give details – need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying]*
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[Need to include a description of market disruption or settlement disruption events and adjustment provisions.]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21 Call Option

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

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
- (iv) Notice period []

22 Put Option

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

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) Notice period []

23 Final Redemption Amount of each Note [[] per Note of [] specified denomination /other/see Appendix]

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

- (i) Index/Formula/variable:
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [give or annex details]
- (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:
- (viii) Maximum Final Redemption Amount: []

[]

24 Early Redemption Amount

Early Redemption Amount(s) of each Note []

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

- 25 New Global Note: [YES] [NO]
- 26 Form of Notes: **Bearer Notes:**
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [60 days' notice given at any time/only upon Exchange Event/at any time at the request of the Issuer] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Registered Notes]
- 27 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates]
- 28 [] 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 International Common Stock Depositories (ICSDs) as common safekeeper and does not necessarily mean that the Notes will be recognised 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 satisfaction of the Eurosystem eligibility criteria.]
- 29 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 30 Details relating to Partly Paid Notes: [Not Applicable/give details]

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]:

- 31 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- 32 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] [annexed to these Final Terms] apply]
- 33 Consolidation provisions: [Not Applicable/The provisions [in Condition •] [annexed to these Final Terms] apply]
- 34 Other final terms: [Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to [t]he Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

- 35 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give name and addresses and underwriting commitments]
- (ii) Date of [Subscription] Agreements:
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 36 If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name]
- 37 Total Commission and Concession [] per cent. Of the Aggregate Nominal Amount
- 38 Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
- 39 Additional selling restrictions: [Not Applicable/give details]

REGISTRAR

40 Name of Registrar

[Citibank, N.A., London office or Citigroup Global Markets
Deutschland AG & Co. KgaA] *(delete as appropriate)*

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the \$10,000,000 Euro Medium Term Note Programme of Citigroup Funding Inc.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:
Duly authorised

Signed on behalf of the Guarantor:

By:
Duly authorised

PART B – OTHER INFORMATION

LISTING

1. (i) Listing: [Luxembourg]
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on [] with effect from [],] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: []

RATINGS

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

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[NOTIFICATION

- [3] The CFFS [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

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

- [4] 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.”]

REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[5] [(i) Reasons for the offer []
(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(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.)

[(iii)] Estimated total expenses: [] [Include breakdown of expenses.]
(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

[Floating Rate Notes Only – HISTORIC INTEREST RATES]

[6] Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [].

[Fixed Rate Notes Only – YIELD]

[7] 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.]

[PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked or other variable-linked Notes only.)]

[8] [Need to include details of where past and future performance and volatility of the index/formula can be obtained.]
[Need to include a description of any market disruption or settlement disruption events that affect the underlying.] [Need to include adjustment rules in relation to events concerning the underlying.]
[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]
[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.]
[Where the underlying is an interest rate a description of the interest rate.]

[Where the underlying is a basket of underlyings disclosure of the relevant weightings of each underlying in the basket.]

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

[9] *Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

OPERATIONAL INFORMATION

[10] ISIN Code: []

[11] Common Code: []

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

[13] Delivery: Delivery [against/free of] payment

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

TAXATION

United States Taxation

Under current United States federal income and estate tax law (a) payment on a Note, Receipt, Coupon or Talon by the Issuer or any Paying Agent to a holder that is a United States Alien (as defined in the Prospectus) will not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest, (i) the holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer and is not a controlled foreign corporation related to the Issuer through stock ownership and (ii) in the case of a Registered Note, the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a United States Alien in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien); (b) a holder of a Note, Receipt, Coupon or Talon that is a United States Alien will not be subject to United States federal income tax on gain realised on the sale, exchange or redemption of such Note, Receipt, Coupon or Talon, provided that such holder does not have a connection with or status with respect to the United States and its possessions described in clause (a) of Condition 8; (c) a beneficial owner of a Bearer Note, Receipt, Coupon or Talon that is a United States Alien will not be required to disclose its nationality, residence or identity to the Issuer, a Paying Agent (acting in its capacity as such) or any United States governmental authority in order to receive payment on such Bearer Note, Receipt, Coupon or Talon from the Issuer or a Paying Agent outside the United States; and (d) a Note, Receipt, Coupon or Talon will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own ten per cent. or more of the combined voting power of all classes of stock of the Issuer and, at the time of such holder's death, payments of interest on such Note, Receipt, Coupon or Talon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

United States information reporting requirements and backup withholding tax will not apply to any payment on a Bearer Note, Receipt, Coupon or Talon made outside the United States by the Issuer or any Paying Agent to a holder that is a United States Alien. Payments on a Registered Note owned by a United States Alien will not be subject to such requirements or tax if the beneficial owner satisfies the requirements described in clause (a)(ii) of the preceding paragraph. Information reporting requirements and backup withholding tax will not apply to any payment on a Bearer Note, Receipt, Coupon or Talon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Bearer Note, Receipt, Coupon or Talon, provided that such custodian, nominee or other agent (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment in respect of a Bearer Note, Receipt, Coupon or Talon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is a United States Alien or the beneficial owner otherwise establishes an exemption. Payment in respect of a Registered Note or a Bearer Note, Receipt, Coupon or Talon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Note, Receipt, Coupon or Talon will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury regulations), provided that such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the

proceeds of the sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a United States Alien and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon by the United States office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

For purposes of applying the rules set forth under this heading "United States Taxation" to an entity that is treated as fiscally transparent (e.g., a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

Luxembourg Taxation

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated June 21, 2005 (the "Laws") implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive") and several agreements concluded between Luxembourg and certain dependant territories of certain Member States of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg resident and non-resident Noteholders. There is also no Luxembourg withholding tax, subject to the application of the Laws, upon repayment of the principal or upon redemption or exchange of the Notes.

Subject to the approval of the draft bill Nr. 5504, a withholding tax of 10% may be introduced as from January 1, 2006 for interest payments made to Luxembourg individual residents.

Under the EU Savings Directive, a Luxembourg based paying agent (within the meaning of the EU Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union or a residual entity in the sense of article 4.2. of the EU Savings Directive ("Residual Entities") established in another Member State of the European Union, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals or Residual Entities resident in any of the following territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The withholding tax rate is initially 15%, increasing steadily to 20% and to 35%. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries (the transitional period may therefore never end).

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payment of principal and interest in respect of the Notes (references in the following to payments in respect of the Notes include payment in respect of Coupons and Talons). The comments also refer to certain information reporting rules but do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes and do not deal with the position of certain classes of Noteholders such as dealers. The comments relate only to the position of persons who are absolute beneficial owners of the Notes who hold the Notes as an investment. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

The references to "interest" in the comments below mean "interest" as understood in U.K. tax law. The comments below do not take any account of any different definitions of "interest" which may be created by the terms and conditions of the Notes or any relevant documentation.

1. Withholding Tax

A payment of principal in respect of the Notes will be payable without deduction of or withholding on account of U.K. income tax, even if the Notes were issued at a discount.

Interest payable by the Issuer on Notes which are issued by the Issuer other than through a permanent establishment in the U.K. may be payable without deduction of or withholding on account of U.K. income tax on the grounds that such interest does not amount to U.K. source interest.

Where the interest payable by the Issuer on Notes does amount to U.K. source interest then:

- (a) where interest is payable on Notes which have a maturity of less than one year (and which are not issued under arrangements, the effect of which is to render such Notes part of a borrowing with a total term of a year or more), such interest will not be "yearly interest" within the meaning of section 349 of the Income and Corporation Taxes Act 1988 (the "Taxes Act") and accordingly may be payable without deduction of or withholding on account of U.K. income tax;
- (b) where interest is payable on Notes listed on a "recognised stock exchange" within the meaning of section 841 of the Taxes Act, such interest may be payable without deduction of or withholding on account of U.K. income tax (the Luxembourg Stock Exchange is a recognised stock exchange of these purposes);
- (c) where interest is payable on Notes in circumstances where the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the person beneficially entitled to such interest is within the charge to U.K. corporation tax as regards the payment of interest at the time the payment is made, then such interest may be payable without deduction of or withholding on account of U.K. income tax, provided that HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax;
- (d) where interest is payable on Notes then, provided that the Issuer is a bank within the meaning of section 840A of the Taxes Act paying the interest in the ordinary course of its business, such interest may be payable without deduction of or withholding on account of U.K. income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of U.K. income tax at the lower rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, or, where a Noteholder is associated with the relevant Issuer, resident in a Member State of the E.U. and entitled in practice to the benefit of the European Council Directive 2003/49/EC, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

2. Provision of information requirements

Persons in the United Kingdom by or through whom interest is paid to, or by whom interest is received on behalf of, an individual may be required to provide certain information to HM Revenue & Customs regarding the payment and the individual concerned and, in certain circumstances, such information may be exchanged with tax authorities in other countries. The relevant provisions may also apply in certain circumstances, to payments made on redemption of Notes where the amount payable on redemption is greater than the issue price of the Notes.

Australian Taxation

So long as the Issuer remains a non-resident of Australia and the Notes (including, without limitation, Australian Domestic Notes) are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under the Notes will not be subject to Australian interest withholding tax.

So long as the Guarantor remains a non-resident of Australia and the Guarantee is not attributable to a permanent establishment of the Guarantor in Australia, any payment by the Guarantor under the Guarantee should not be subject to Australian interest withholding tax.

In addition, the Issuer has been advised that:

- (a) no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) so long as the Issuer remains a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Income Tax Assessment Act 1936 of Australia ("ITAA") and section 12-140 of the Taxation Administration Act 1953 of Australia ("TAA") should not apply in connection with the Notes;
- (c) the requirements of section 126 of the ITAA relating to bearer debentures do not apply to the obligations of the Issuer in relation to the Notes as such requirements are inapplicable to debentures (which would include the Notes) issued by non-resident body corporates outside Australia which are not attributable to a permanent establishment in Australia;
- (d) so long as the relevant Issuer does not issue the Notes, or use the proceeds of the Notes or make payments in relation to the Notes, in the course or furtherance of an enterprise carried on in Australia, the requirements of section 12-190 of the TAA relating to the provision of an Australian Business Number ("ABN") should not apply to the obligations of the Issuer in relation to the Notes. Consequently, no withholding should be required to be made by the Issuer from payments of principal and interest on the Notes if a Noteholder does not quote its ABN;
- (e) neither the issue of the Notes nor receipt of the Notes would give rise to a liability to a goods and services tax ("GST") in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia; and
- (f) no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes.

Recent developments

Taxation of financial arrangements

On December 16, 2005 the Minister for Revenue and Assistant Treasurer issued an exposure draft of proposed new rules for the "Taxation of Financial Arrangements". It is intended that the new rules (if enacted) would represent a new code for the taxation of receipts and payments in relation to financial arrangements. The new Division defines financial arrangements and sets out five tax-timing methods. These methods (elective fair value, accruals, elective foreign currency retranslation, realization and elective hedging) determine the tax-timing treatment of all financial arrangements covered by the legislation.

The exposure draft does not specify the commencement date for the new rules, although the explanatory material released with the exposure draft says that the new rules will apply to financial arrangements acquired after the start date. Taxpayers may also be able to elect for the new rules to apply to all financial arrangements existing at the start date.

The proposed measures should not apply to holders of Notes who are non-residents of Australia and who do not hold their Notes in the course of carrying on a business at or through a permanent establishment in Australia.

Although the exposure draft does not contain any indication as to how (if at all) the proposed rules are to relate to the imposition of interest withholding tax, the rules are not expected to have any effect on the Australian interest withholding tax regime. Significantly, the Government has given no indication that it intends the new rules to apply in a manner which overrides the section 128F exemption.

Comments on the draft were due by March 1, 2006 and it is expected that the Government will consult with taxpayers and industry representatives to develop the final legislation.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar

income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependant upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (a withholding system in some cases) with effect from the same date.

A payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, none of the Issuer, the Guarantor, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

GENERAL INFORMATION

1. Application will be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated the number 13206 to the Programme for listing purposes.
2. The Issuer and Guarantor have obtained all necessary consents, approvals and authorisations in the United States in connection with the establishment of the Programme and the issue and performance of the Notes. The establishment of the Programme and the issue of the Notes was authorised by certificates of the respective Funding Committees of the Issuer and Guarantor dated June 8, 2005 and June 9, 2005, respectively, pursuant to resolutions of the board of directors of the Issuer dated June 1, 2005 and June 19, 2005 and the board of directors of the Guarantor dated March 15, 2005 and October 18, 2005.
3. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
4. Other than matters disclosed herein (including in documents incorporated by reference), neither the Guarantor or any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of the Guarantor, nor, so far as the Guarantor is aware, are any such proceedings pending or threatened.
5. Other than matters disclosed herein (including in documents incorporated by reference), the Issuer has not been involved in any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
6. There has been no significant change in the financial or trading position of the Issuer since December 31, 2005, the date of its most recent published audited financial statements and for the Guarantor since December 31, 2005, the date of its most recent published audited financial statements, and there has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2005, the date of its most recent published audited financial statements and for the Guarantor since December 31, 2005, the date of its most recent published audited financial statements.
7. Notes have been accepted for clearance through the Euroclear Bank and Clearstream, Luxembourg systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream, Luxembourg is 42 Avenue JF Kennedy, Luxembourg L-1855, Luxembourg. The Issuer and Guarantor will apply to Austraclear Limited for approval of each Series of Australian Domestic Notes to be traded on the Austraclear System. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.
8. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available for inspection and (in the case of the items listed under (v), (vi), (vii) and (viii) below) obtainable, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and each of the Paying Agents:
 - (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates in respect of Registered Notes, the Coupons, the Receipts and the Talons);

- (ii) the Dealership Agreement, as amended or supplemented;
 - (iii) the Deed of Guarantee;
 - (iv) the Deed of Covenant, as amended or supplemented;
 - (v) the Certificate of Incorporation and the By-Laws of the Issuer and the Restated Certificate of Incorporation and By-Laws the Guarantor;
 - (vi) the annual report and audited consolidated financial statements of the Issuer as they may be available and Guarantor for the years ended December 31, 2004 and 2005, in each case together with any relevant audit reports prepared in connection therewith;
 - (vii) each Final Terms for Notes which are listed on the Luxembourg Stock Exchange or any other stock exchange; and
 - (viii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
9. Copies of the Deed Poll, the Registry Services Agreement and the relevant Final Terms in respect of Australian Domestic Notes will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the office of the Australian Registrar following issue of any Australian Domestic Notes.
10. Copies of the latest annual report and audited consolidated financial statements of the Guarantor and the latest quarterly interim unaudited consolidated financial statements of the Guarantor may be obtained, and copies of the Fiscal Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours so long as any of the Notes is outstanding. The Issuer does not publish unconsolidated annual or interim financial statements.
11. Regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.
12. The Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

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