



Norges Statsbaner AS

(Incorporated with limited liability under the laws of Norway)

€1,750,000,000

Euro Medium Term Note Programme

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purposes of the Prospectus Directive (as defined herein) and the Luxembourg Act dated 10 July 2005 on prospectuses for securities as amended by the Luxembourg law of 3 July 2012 (the "**Luxembourg Law**"), to approve this document as a base prospectus issued in compliance with the Prospectus Directive and the Luxembourg Law for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the €1,750,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Any Notes (as defined above) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein. This does not affect any Notes issued prior to the date of this Base Prospectus. Application has been made for Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market (*Bourse de Luxembourg*) of the Luxembourg Stock Exchange (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments (the "**MiFID**"). The Programme also permits Notes to be issued on the basis that they may be admitted to listing, trading and/or quotation by any other regulated market for the purpose of MiFID as may be agreed with Norges Statsbaner AS. By approving this Base Prospectus, the CSSF assumes no responsibility with regard to the economic and financial soundness of the transaction and the quality and solvency of the Issuer in accordance with Article 7(7) of the Prospectus Law.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and may include Notes in bearer form which are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See under "*Terms and Conditions of the Notes*" for a description of the manner in which Notes will be issued.

This Base Prospectus constitutes a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive.

An investment in the Notes involves certain risks. Factors which could be material for the purposes of assessing the risks associated with the Notes issued under the Programme are set out under "*Risk Factors*" below.

Arranger
BNP PARIBAS

Dealers

BNP PARIBAS
HANDELSBANKEN CAPITAL MARKETS
SEB

DNB BANK ASA
NORDEA
SWEDBANK AB (PUBL)

THE ROYAL BANK OF SCOTLAND

Contents

	Page
Important Notices	4
Overview of the Programme.....	7
Risk Factors	12
Documents Incorporated by Reference	18
Use of Proceeds	20
Supplement to the Base Prospectus	21
General Description of the Programme	22
Terms and Conditions of the Notes	23
Provisions relating to the Notes whilst in Global Form.....	48
Form of Final Terms.....	52
Norges Statsbaner	59
Taxation.....	70
Subscription and Sale	73
General Information	75

Important Notices

Norges Statsbaner AS (the "**Issuer**" or "**NSB**") accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained herein is, in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed with any supplement hereto, and with any other documents incorporated by reference herein and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

The Issuer has confirmed to the dealers (the "**Dealers**") named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms) is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Programme or the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers, the Trustee or any of their respective affiliates, and neither the Dealers, the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no material adverse change in the financial situation of the Issuer since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at 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 any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the Securities Act and may include Notes in bearer form which are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Additionally, Notes may not be offered or sold within Norway or to or for the account or benefit of persons domiciled in Norway, unless the regulations relating to the offer of VPS Notes (as defined below) and the registration in the VPS (as defined below) of VPS Notes have been complied with.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any federal or state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed or endorsed the merits of the offering of Notes or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

Neither this Base Prospectus nor any Final Terms (i) is intended to provide the basis of any credit or other evaluation or (ii) constitutes an offer or an invitation to subscribe for or purchase any Notes and should

not be considered as a recommendation by the Issuer, the Dealers, the Trustee or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of any financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser or other adviser) possible scenarios for economic, interest rate, legal and other factors that may affect its investment and its ability to bear the applicable risks.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,750,000,000 (or the equivalent in other currencies). 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 defined under "*Subscription and Sale*".

As of the date of this Base Prospectus, the Programme has been assigned a rating of Aa2 by Moody's Italia S.r.l ("**Moody's**") and a rating of AA- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). Moody's and Standard & Poor's are both established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").

Tranches of Notes that may be issued under the Programme can be rated or unrated. Where a Tranche of Notes issued under the Programme is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Programme, the Issuer or to Notes already issued.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union, but which is certified under the CRA Regulation. The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu/page/List-registered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. The ESMA website is not incorporated by reference into, nor does it form part of, this Base Prospectus. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between

certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to a "**Relevant Member State**" are to a Member State which has implemented the Prospectus Directive, references to the "**Prospectus Directive**" are to Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC to the extent that Directive 2010/73/EC has been implemented in any relevant Member State), and includes any relevant implementing measure in the Relevant Member State, references to "**EUR**", "**euro**" or "**€**" are to the single currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**NOK**" or "**Norwegian Kroner**" are to the lawful currency of Norway.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail.

However, there is no assurance that the Stabilising Manager(s) (or 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 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. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Overview of the Programme

The following is a brief overview only and should be read in conjunction with the rest of this document and, in relation to any Notes, in conjunction with the relevant Final Terms and, to the extent applicable, the Terms and Conditions of the Notes set out herein.

Issuer:	Norges Statsbaner AS.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its respective obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
Arranger:	BNP Paribas.
Dealers:	BNP Paribas, DNB Bank ASA, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ), The Royal Bank of Scotland plc and any other dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche (as defined below) of Notes.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	The Bank of New York Mellon.
Registrar:	CACEIS Bank Luxembourg.
VPS Account Manager:	To be appointed by the Issuer prior to the issue of any VPS Notes.
Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch.
Final Terms or Drawdown Prospectus:	<p>Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a drawdown prospectus (each a "Drawdown Prospectus") prepared in connection with a particular Tranche of Notes.</p> <p>For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with the relevant final Terms. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms.</p> <p>The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus.</p>
Listing and Admission to Trading:	Each Series may be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other regulated market for the purposes of MiFID as may be

agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Initial Programme Amount: Up to €1,750,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.

Form of Notes: The Notes will be issued in bearer form, registered form or in uncertificated and dematerialised book entry form cleared through Verdipapirsentralen, the Norwegian Central Securities Depository, "VPS", legal title thereto being evidenced by book entries in the VPS (the "VPS Notes"). VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. In respect of each Tranche of Notes issued in bearer form, the Issuer will deliver a temporary global note (a "**Temporary Global Note**") or (if so specified in the relevant Final Terms in respect of Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor rules in the U.S. Treasury Regulations promulgated under Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA C Rules**") applies (as so specified in such Final Terms)) a permanent global note (a "**Permanent Global Note**"). Each global Note in bearer form which is not intended to be issued in new global form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms will be deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear Bank SA/NV (or any successors thereto) ("**Euroclear**") and/or Clearstream Banking, société anonyme (or any successors thereto) ("**Clearstream, Luxembourg**") and each global Note in bearer form which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Notes in definitive bearer form ("**Definitive Notes**") and/or (if so specified in the relevant Final Terms) registered form in accordance with its terms ("**Registered Notes**"). Each Permanent Global Note will be exchangeable for Definitive Notes and/or (if so specified in the relevant Final Terms) Registered Notes in accordance with its terms. (See further under "*Provisions Relating to the Notes whilst in Global Form*" below). Definitive Notes will, if interest-bearing, either have interest coupons ("**Coupons**") attached and, if appropriate, a talon ("**Talon**") for further Coupons. Each Note represented by a global Note certificate (a "**Global Note Certificate**") will either be: (a) in the case of a Note which is to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg or (b) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note

Certificate will be deposited on or about the issue date with the common depository. Notes in registered form may not be exchanged for Notes in bearer form. VPS Notes may not be exchanged for bearer Notes or registered Notes and *vice versa*.

Issuance in Series:

Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. For the avoidance of doubt, a Tranche that comprises VPS Notes may not also comprise Notes in bearer form or Notes in registered form, though it may comprise Notes of different denominations. Each Tranche of VPS Notes will be issued in uncertificated book entry form, as more fully described under the section entitled "*Form of the Notes*" below. On or before the issue date of each Tranche of VPS Notes entries may be made with the VPS to evidence the debt represented by such VPS Notes to accountholders with the VPS. VPS Notes will be issued in accordance with the laws and regulations applicable to VPS Notes from time to time.

Currencies:

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to compliance as aforesaid, be made in any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

Notes will be issued on an unsubordinated basis.

Issue Price:

Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year from the date of issue and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") by the Issuer.

Redemption:	Notes may be redeemable at par.
Early Redemption:	Early redemption will be permitted for taxation reasons as mentioned in " <i>Terms and Conditions of the Notes – Early Redemption for Taxation Reasons</i> ", and may be permitted at the option of the Noteholder or of the Issuer if so specified in the Final Terms, in accordance with Conditions 6.3 (<i>Optional Early Redemption (Call)</i>), or 6.6 (<i>Optional Early Redemption (Put)</i>), but will otherwise be permitted only to the extent specified in the relevant Final Terms.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.
Denominations:	No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or its equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Taxation:	Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the holders of Notes or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 4.
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 7.
Governing Law:	<p>The Notes and all related contractual documentation and any non-contractual obligation arising out of, or in connection with them, will be governed by English law. VPS Notes must comply with the relevant regulations of the VPS and the Norwegian Securities Register Act of 5 July, 2002 No. 64 (the "VPS Act") (as amended from time to time) and the holders of VPS Notes will be entitled to the rights, and are subject to the obligations and liabilities, which arise under the VPS Act and any related regulations and legislation.</p> <p>The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.</p>
Clearing Systems:	Euroclear, Clearstream, Luxembourg in relation to any Notes other than VPS Notes, which are cleared through the VPS.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in

the Kingdom of Norway, the United States of America, the United Kingdom and Japan, see under "*Subscription and Sale*".

Risk Factors

Prospective investors should note that the following factors may represent a risk to the Issuer's ability to fulfil its obligations under Notes issued under the Programme. Investing in Notes involves certain risks, and prospective investors should consider that they could lose some or all of their investment. All of these factors are contingencies which may or may not occur and no view is expressed on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

This section is not intended to be, and is not, exhaustive and prospective investors should read the detailed information appearing elsewhere in this Base Prospectus prior to making any decision to invest in the Notes issued under the Programme.

Risks relating to the Issuer

Risks relating to the Issuer's geographical location

The Issuer's main business is conducted in Norway. The Issuer at the date of this Base Prospectus plays a strategic role in the Norwegian public transportation sector, enjoys a near-monopoly on passenger rail traffic, has a dominant market share within rail freight traffic and a significant market share in passenger road traffic. Rail transport has historically been viewed favourably by varying Norwegian governments, owing to its environmental benefits and mitigation of increasing heavy road traffic. By having its main business conducted and concentrated in Norway, the business, assets, operations and the revenues of the Issuer are on a general level exposed to the financial, political, legal and regulatory environment in Norway from time to time. In May 2015, the incumbent Norwegian government (the "**Government**") announced proposals for far reaching reforms in the Norwegian railway sector, with a potentially significant impact on the Issuer. See below for more detailed risk factors regarding these matters, and the further information under "*Recent Developments*" on page 68 below.

The Issuer also conducts activity relating to road passenger traffic, passenger rail traffic and rail freight traffic in Sweden. The Issuer owns 100 per cent. of Svenska Tågkompaniet AB, a small Swedish passenger rail traffic company that runs regional routes in Sweden and has approximately 375 employees. Through its wholly owned subsidiary Nettbuss AS the Issuer holds an indirect 25 per cent. share in Danish bus operator City-Trafik A/S (majority owned by Kelios SA).

Risk factors pertaining to the conditions of the Norwegian and international financial system

The Issuer's ability to access or continue to access domestic and international capital markets and lenders to the extent sufficient to meet its funding needs, including the refinancing of outstanding debt falling due, may be adversely affected by a number of factors, including Norwegian and international economic conditions and the state of the Norwegian financial system.

After the second half of 2007, disruption in the global credit markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States, the United Kingdom and elsewhere, created increasingly difficult conditions in the financial markets. Although conditions in the financial markets improved in the latter half of 2009 and have continued to improve in the following years there remains substantial uncertainty regarding the stability of the financial markets, due to, inter alia, the sovereign debt crises in several countries within the EU, political instability in certain parts of Eastern Europe, reduced growth in China and other key Asian economies as well as large budget deficits in the United States.

Risks relating to ownership by Norwegian state

NSB is wholly owned by the Kingdom of Norway. The Kingdom of Norway, through its ownership, has power to decide matters submitted for a vote of shareholders, such as approval of the annual financial statements, declarations of annual reserves and dividends, capital increases, amendments to the Issuer's constituting documents and election and removal of members of the Issuer's Board of Directors. The owner may also decide to implement changes in the nature and scope of the Issuer's business (through disposals/divestments, acquisitions and otherwise).

The interests of the Kingdom of Norway when deciding on matters and the factors it considers in exercising its ownership, may be related to the budgetary, social and environmental implications of the business and operations of NSB. Accordingly, when making commercial and operational decisions, NSB has to take into account that it may not always be able to fully pursue its own commercial interests.

Risks relating to the Issuer's revenues

The Issuer's sales revenues constitute an important part of its total revenues. Sales revenues are never certain, and will depend on, among other factors, the competition the Issuer is faced with by the public's increased use of private cars and airline transportation. However, to some degree, the Issuer's position as a near-monopolist in the passenger rail operations and a market leader in parts of the road passenger operations¹ has historically minimised the risk this uncertainty poses to the Issuer. The future market position of the Issuer will, however, depend on the outcome of the incumbent Government's plans to re-introduce competition for passenger rail services as proposed in a "White Paper" presented on the 12th May 2015 (the "**White Paper**") as further described under *Recent Developments* on page 68 below. Furthermore the Issuer's market position may depend on the final content and implementation plan for the proposed liberalisation of the European rail industry as further described below.

Market conditions in the Norwegian freight sector are affected by the composition and location of domestic industries and by the geography of the country. Consequently, about 90 per cent. of freight in Norway is transported via sea or road and rail-based freight is expected to have a low market share. The freight clients of the Issuer are few in number, with three customers representing about 68 per-cent of Issuer's freight revenues, which may pose a risk to the Issuer's revenues as a result of large clients putting their contracts out for tender. Freight volumes have reduced since 2009 as a consequence of the global economic downturn, increased competition, and infrastructure problems, and if this trend continues this would represent a risk to the Issuer's revenues.

The Issuer is indirectly supported by the Government through the state's public purchase of passenger rail transport services and by Swedish county authorities through their public purchases of passenger rail transport services on Swedish routes served by the Group, and public purchases accounted for approximately about 44 per cent. of passenger rail traffic revenues in 2014.

The public purchase regime comprises essentially all passenger rail traffic operated by the Group except for a very small number of routes.

The amount paid for public purchases has increased gradually over time in order to better reflect actual costs of operating passenger rail services. Price and expected volume are set in advance, leaving the Issuer with traffic volume risk and cost development risks.

Investors should note that the Government's procurement of services from the Issuer represents a considerable portion of today's revenues, and the proposed introduction of competition in the Norwegian railway sector will represent a risk to the Issuer's revenues. See further details in the risk factor "*Risk relating to the Issuer's exposure to competition and potential re-organisation of the railway industry*" below.

The Issuer's ability to generate revenues is also dependant on a continued maintenance of and investment in the Norwegian national rail infrastructure. The infrastructure is currently owned and operated by the Norwegian National Rail Administration (*Jernbaneverket*), and is funded through annual allocations on the Norwegian state budget. The quality of the infrastructure has been declining in recent years, resulting in fairly extensive interruptions in traffic throughout Norway. There can be no guarantee that the level of investments in the national rail system will be sufficient to maintain and increase the revenues of the Issuer.

Finally, the Issuer group generates revenues in the subsidiaries Nettbuss AS and ROM Eiendom AS. As part of the reforms proposed in the White Paper, it has been proposed that ROM Eiendom AS shall be transferred out of the Group with possible negative effects for future revenue generation.

Risks relating to the Issuer's exposure to competition and potential re-organisation of the railway sector

¹ According to statistical figures for 2015, prepared by Transportbedriftenes Landsforening (the Federation of Norwegian Transport Companies).

Investors should note that the Issuer is exposed to competition, although the strength of this varies among the various markets in which it operates.

The market position of the Issuer's passenger rail services in the overall passenger transport market is low, at about 4 per cent. The position is expected to remain weak due mostly to limitations in the railroad network and strong competition from private cars and express buses. In addition, the competition from low price airlines has increased over the last years for the longest distances between the largest cities.

Liberalisation of public passenger train traffic was put on hold by the previous government. The incumbent Government, has recently presented the White Paper proposing the re-introduction of competition in the railway sector at the expiry of the existing public procurement agreement at the end of 2017. Please see further information under "*Recent Developments*" on page 68 below. The scope and timing of the proposed changes is still uncertain, however the first invitation for a competitive tender may come in 2016/2017. Although the Issuer expects to be well positioned to compete for routes being opened up for competition, it must be expected that its overall share of the Norwegian railway market will drop gradually after 2017.

The White Paper also has proposals for certain changes in the organisation of the railway sector in Norway. After the reforms proposed in the White Paper have been fully implemented, the Issuer will continue as a significant transport company, owned 100 per cent. by the Kingdom of Norway, involved in passenger rail transport, rail freight transport and Nordic bus operations. However, the Issuer will not have ownership over any assets that future competitors within the passenger rail services may depend on, such as rolling stock and maintenance facilities.

In the White Paper it is furthermore suggested that the Issuer's subsidiary ROM Eiendom AS will be transferred out of the Group. This may adversely affect the Issuer's revenue generation, which again may have an impact on the Issuer's ability to repay Noteholders.

Further details and timing of the implementation of the reforms outlined in the White Paper are not yet known, and the Issuer may be further adversely affected by the reforms unless it is adequately compensated for the structural and organisational changes proposed.

In addition to the expected changes in the Norwegian regulatory environment, the European Commission recently published proposals for opening the domestic market for passenger transport as part of the fourth railway package in January 2013. The proposed amendments to regulation 1370/2007 provide for the introduction of a mandatory competitive tendering procedure for the award of public service contracts by rail. In accordance with the legislative proposal, the competent authorities may also decide to limit the number of contracts to be awarded to the same railway undertakings in order to increase competition. The fourth railway package is still in the process of being considered.

The European Parliament completed the first reading of the proposal in February 2014 and it is now being discussed in the Council. It is expected that the Commission's proposal will undergo some amendments. However, it is difficult to predict the final content and a time frame for the final process.

NSB Passenger Traffic's short distance and intermediate distance services operate substantially at full capacity during peak traffic hours. The same applies to long-distance routes in rush hours and holiday seasons.

The Issuer's bus operations operated by its wholly owned subsidiary Nettbuss AS ("*Nettbuss*") and its subsidiaries, represent the largest bus corporation in Norway². The company's core activity is to provide scheduled route services to a number of counties in Norway (via the Contractual Public Transport Authority, or CPTA), while tour and express buses are provided as supplementary services. While market conditions for the bus operations are currently stable, the competition for CPTA contracts is increasing due to an overall reduction of public spending for such purposes, and an increasing number of contracts are put out for tender. By 2019 all counties are required to have put their contracts out for tender.

² According to statistical figures for 2015, prepared by *Transportbedriftenes Landsforening (the Federation of Norwegian Transport Companies)*.

Risks relating to increases in the Issuer's costs

The Issuer may be vulnerable to an increase in electricity prices in relation to rail operations. This may to some degree be alleviated by the State due to higher public purchase contributions, but generally with a time lag as a result of energy price fluctuations. Also, increasing fuel prices may entail increased costs to the Issuer in relation to road operations. To what extent these costs increases can be levied on passengers is more uncertain.

There is a risk that costs will increase during winter months with extreme weather conditions due to increased maintenance costs. In addition infrastructure problems may lead to increased costs (for example due to the necessity of alternative transport for customers).

Although the Issuer has systems in place to reduce and mitigate risks of exposure to fraud and its associated costs, the Issuer and its subsidiaries are in general exposed to a risk of fraud by customers or employees in relation to sales, procurement and contract management.

Any increase in the access charges to be paid by the Issuer to the Norwegian and the Swedish infrastructure owners (tracks and signals) for use of the track in relation to rail freight traffic may represent a risk of increased costs to the Issuer. In the White Paper, the introduction of access charges for the Norwegian rail infrastructure has been proposed.

Even though the unemployment rates have been increasing, maintaining and recruiting manpower is still a challenge in the current labour market, and may influence the cost of labour for both rail and road transport.

Force majeure, weather related risks and other risks

The Issuer's performance may be affected by various factors such as strikes, catastrophic events such as acts of terrorism, extreme weather conditions, malfunctions in control and communication systems, landslides, collisions, derailling and other accidents on the rail, or other events, which may result in interrupted operations, personal injury, loss of life, environmental damage or severe damage to the rail network in Norway. Such incidents may have direct impact on cash flows, due to procedures required to obtain payments from insurance, and it may have negative impact on revenues due to loss of customers' confidence in the Issuer, both of which may affect the Issuer's abilities to fulfil its obligations under the Programme.

Risks relating to the Notes*There is no active trading market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes issued under the Programme to be admitted to listing on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Norway or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and 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.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or the applications thereof after the date of this Base Prospectus.

Minimum Denomination

In relation to any issue of Notes which have a denomination consisting of the Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

The Issuer's obligations under the Notes

The Issuer's obligations under the Notes and, if applicable, the Talons and Coupons relating to them constitute unsecured obligations of the Issuer and shall rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Notes and, if applicable, the Coupons relating to them shall, save for any exemptions, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer present and future. However, as unsecured obligations, the Notes and, if applicable, the Talons and Coupons relating to them will, on winding-up or liquidation of the Issuer, rank junior in priority to any secured obligations of the Issuer, and if the Issuer is insolvent a Noteholder may lose all or some of his or her investment.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rates Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Documents Incorporated by Reference

The audited consolidated annual financial statements, together with the accompanying notes and auditor's reports, contained in the annual report of the Issuer for the years ended 31 December 2013 and 2014, together with the terms and conditions set out on pages 18 to 41 of the base prospectus dated 13 August 2007 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2007 Conditions**"), the terms and conditions set out on pages 18 to 42 of the base prospectus dated 11 July 2008 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2008 Conditions**"), the terms and conditions set out on pages 20 to 46 of the base prospectus dated 29 June 2009 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2009 Conditions**") and the terms and conditions set out on pages 21 to 47 of the base prospectus dated 30 June 2010 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2010 Conditions**") and the terms and conditions set out on pages 22 to 45 of the base prospectus dated 30 June 2011 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2011 Conditions**") and the terms and conditions set out on pages 21 to 45 of the base prospectus dated 15 June 2012 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2012 Conditions**"), the terms and conditions set out on pages 21 to 44 of the base prospectus dated 30 May 2013 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2013 Conditions**") and the terms and conditions set out on pages 21 to 44 of the base prospectus dated 17 June 2014 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2014 Conditions**") shall each be deemed to be incorporated by reference in, and to form part of, this Base Prospectus save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement. Any information contained in the documents specified above which does not relate to the terms and conditions of such base prospectus is not incorporated by reference and is not relevant to investors.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon the oral or written request therefor, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral 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. Such documents will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Document	Page Reference
-----------------	-----------------------

Annual Report 2013

– Consolidated financial statements (prepared in accordance with International Financial Reporting Standards (" IFRS ") and IFRIC interpretation as approved by the EU) for the year ended 31 December 2013	
– Income statement	11
– Balance sheet	12
– Cash flow statement	13
– Development in Equity	14
– Notes to financial statements	15-53
– Auditors' Report	83-84

Annual Report 2014

– Consolidated financial statements (prepared in accordance with IFRS) for the year ended 31 December 2014	
– Income statement	76
– Balance sheet	77
– Cash flow statement	78
– Development in Equity	79
– Notes to financial statements	80-118
– Auditors' Report	142-143

Interim Report for the period ending 30 April 2015

Document	Page Reference
– Consolidated unaudited interim financial statements (prepared in accordance with IFRS) for the period ended 30 April 2015	
– Income statement	10
– Balance sheet	11
– Cash flow statement	14
– Development in Equity	15
– Notes to the financial statements	16-18

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

Use of Proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements.

Supplement to the Base Prospectus

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes whose inclusion would reasonably be required by investors for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer will prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus in connection with any subsequent offering of the Notes. The issuer shall submit such supplement to the Commission de Surveillance du Secteur Financier in Luxembourg for approval.

General Description of the Programme

This Programme is a €1,750,000,000 Euro Medium Term Note Programme under which the Issuer may from time to time issue Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer or Dealers prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes.

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes which as completed in relation to any Notes by the relevant Final Terms, will be applicable to each Series of Notes:

The Notes are constituted by a trust deed dated 27 April 1999 as amended and restated by an amended and restated trust deed dated 2 July 2015 (the "**Trust Deed**", which expression shall include any amendments or supplements thereto or any restatements thereof) made between Norges Statsbaner AS (the "**Issuer**") and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the Trustee or Trustees of the Trust Deed). The Notes (other than VPS Notes) are the subject of an amended and restated issuing and paying agency agreement dated 2 July 2015 (the "**Agency Agreement**", which expression shall include any amendments or supplements thereto or any restatement thereof) made between the Issuer, the Trustee, The Bank of New York Mellon in its capacity as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor to The Bank of New York Mellon in its capacity as such) and as transfer agent, CACEIS Bank Luxembourg in its capacity as registrar (the "**Registrar**", which expression shall include any successor to CACEIS Bank Luxembourg in its capacity as such) and CACEIS Bank Luxembourg as paying agent (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any successor or additional paying agents appointed in accordance with the Agency Agreement) and as transfer agents (together with the transfer agent mentioned above, the "**Transfer Agents**", which expression shall include any successor or additional transfer agents appointed in accordance with the Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Terms and Conditions of any Series of Notes (as defined below), the Issuer may appoint a calculation agent (the "**Calculation Agent**") for the purposes of such Notes, in accordance with the provisions of the Trust Deed and the Agency Agreement, and such Calculation Agent shall be specified in the applicable Final Terms. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Trustee, the Paying Agents, the Registrar and the Transfer Agents. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Trust Deed and the Agency Agreement insofar as they relate to the relevant Notes. Certain provisions of these Terms and Conditions are summaries of the Trust Deed and subject to its detailed provisions.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of final terms ("**Final Terms**"), a copy of which will be available free of charge during normal business hours at the specified office of the Principal Paying Agent, the Paying Agent with a specified office in Luxembourg or, as the case may be, the Registrar. In the case of Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, copies of the relevant Final Terms will also be available on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of a Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available for inspection by a Holder (as defined in Condition 2.1) of such Notes.

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.2) are to Coupons relating to Notes of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as completed by the Final Terms.

1. Form and Denomination

Form of Notes

1.1 Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") or in uncertified book entry form ("**VPS Notes**"), as specified in the Final Terms. Bearer Notes are serially numbered. Registered Notes and VPS Notes are not exchangeable for Bearer Notes.

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

Denomination of Bearer Notes

1.4 Bearer Notes are in the denominations specified in the Final Terms (the "**Specified Denominations**"). Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of any other Specified Denomination.

Denomination of Registered Notes

1.5 Registered Notes are in the Specified Denominations specified in the Final Terms.

Denomination of VPS Notes

1.6 VPS Notes are in the Specified Denomination specified in the Final Terms.

Currency of Notes

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

2. Title and Transfer

2.1 Title to Bearer Notes and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

2.2 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**"). References herein to the "Holders" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register. A certificate (each a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

2.3 Title to the VPS Notes passes by book entries in the records of the VPS, in accordance with the VPS Act and the rules and procedures of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the Trustee (the "**VPS Letter**"), with a copy sent to a VPS account manager to be appointed by the Issuer prior to the issue of any VPS Notes (the "**VPS Account Manager**"), which will set out the terms of the relevant issue of VPS Notes in the form of Final Terms attached to such VPS Notes. On delivery of a copy of such VPS Letter, including the applicable Final Terms, to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Account Manager will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount for which it has subscribed and paid. Settlement of transactions in the VPS will take place three Oslo business days after the date of the relevant transaction. References herein to the "Holders" of VPS Notes are to the persons in whose names such VPS Notes have been entered in the records of the VPS.

2.4 The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing on the relevant Note or Certificate, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

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

2.5 A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement and further subject to the provisions of Conditions 2.8 to 2.10, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the relevant Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer

Agent. A new Certificate will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Certificate in respect of the balance not transferred will be issued to the transferor.

2.6 If so specified in the Final Terms and subject to the provisions of Conditions 2.8 to 2.10, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent, the Registrar or of any Transfer Agent together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6) where the exchange date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 9B.3) for such payment of interest and the date on which such payment of interest falls due.

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

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

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

2.9 Upon the transfer, exchange or replacement of Registered Notes represented by Certificates bearing the Rule 144A legend (the **"Rule 144A Legend"**) set forth in the form of Certificate scheduled to the Trust Deed, the Registrar or any Transfer Agent shall deliver only Registered Notes represented by Certificates that also bear such legend unless either (i) such transfer, exchange or replacement occurs two or more years after the later of (1) the original issue date of such Notes or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar or such Transfer Agent by the Issuer as provided in the following sentence, was the beneficial owner of such Notes (or any predecessor of such Notes) or (ii) there is delivered to the Registrar or such Transfer Agent an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act")) not to acquire any beneficial interest, in any Registered Note represented by a Certificate bearing the Rule 144A Legend unless it notifies the Registrar and the Transfer Agents of

such acquisition. The Registrar, the Transfer Agents and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

2.10 For so long as any of the Registered Notes represented by Certificates bearing the Rule 144A Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder or Beneficial Holder in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

2.11 No Holder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note during the period of 15 days ending on the due date for the payment of any principal or interest in respect of such Note.

3. Status of the Notes

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

4. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer shall not, and shall procure that no member of the Group shall, create or permit to subsist any encumbrance over all or any of its present or future revenues or assets to secure any Relevant Indebtedness or any guarantee by the Issuer or any member of the Group of any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes or procuring that the Notes are secured equally and rateably therewith to the satisfaction of the Trustee or (b) by providing such other security as the Trustee may in its absolute discretion consider not to be materially less beneficial to the interest of the Holders of the Notes or as may be approved by Extraordinary Resolution (as defined in the Trust Deed) of Holders of the Notes.

In these Conditions:

an "**encumbrance**" shall be construed as a reference to (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person, (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person or (c) any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect;

"**Group**" means the Issuer and its subsidiaries for the time being;

a "**subsidiary**" of a company (the "**first Company**") shall be construed as a reference to a company (the "**second Company**") if, as a result of agreement or by virtue of ownership of shares or participation in the second Company, the first Company has a controlling interest in the second Company; for the purposes of this definition, the first Company shall be deemed to have a "controlling interest" in the second Company if:

- (i) the number of shares owned by it, or its participants, in the second Company is such that it represents the majority of the votes in the second Company; or
- (ii) it has the right to elect to, or remove from, office a majority of the members of the board of the second Company;

provided always that in determining such voting rights, the rights held by the first Company and its subsidiaries shall be included, as well as rights held by a third party on behalf of the first Company or any of its subsidiaries; and

"**Relevant Indebtedness**" means any indebtedness in the form of, or represented by, any note, bond, debenture, debenture stock, loan stock, certificate or other instrument or security which at any time are (or

at the time of issue, subscription or sale are intended to be), or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market.

5. Interest

Interest

5.1 Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 5.9.

Interest-bearing Notes

5.2 Notes which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date, subject as provided in Condition 9A (*Payments – Bearer Notes*) and Condition 9B (*Payments – Registered Notes*). Interest will cease to accrue as from the due date for redemption therefor unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent, the Registrar or, as the case may be, the Trustee or the VPS Account Manager having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Principal Paying Agent, the Registrar or, as the case may be, the Trustee has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Fixed Rate Notes

5.3 If the Final Terms specifies the Interest Rate applicable to the Notes to be Fixed Rate then the amount of interest payable in respect of each Note for any Interest Accrual Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

Floating Rate Notes

5.4 If the Final Terms specifies the Interest Rate applicable to the Notes to be Floating Rate then amount of interest payable in respect of each Note for any Interest Period shall be determined in accordance with Condition 5.5 or 5.6.

Screen Rate Determination

5.5 If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, it shall also specify which page (the "**Relevant Screen Page**") on the Reuters Screen or any other information vending service shall be applicable. If such a page is so specified, the Interest Rate applicable to the relevant Notes for each Interest Accrual Period shall be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Accrual Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which

deposits in the relevant currency are offered by four major banks in the London interbank market, in respect of LIBOR; the Euro-zone interbank market, in respect of EURIBOR; or the Norwegian interbank market in respect of NIBOR, as selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market, in respect of LIBOR; the Euro-zone interbank market, in respect of EURIBOR; or the Norwegian interbank market in respect of NIBOR for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (or, in the case of Notes denominated in euro, in such financial centre or centres as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Accrual Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

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

ISDA Determination

5.6 If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, each Note shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Note under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Fixed Price Payer, Floating Rate Payer, Floating Amount Payer or, as the case may be, the Floating Price Payer is the Issuer (as specified in the Final Terms);
- the Effective Date is the Interest Commencement Date;
- the Termination Date is the Maturity Date;
- the Calculation Agent is the Calculation Agent as specified in the Final Terms;
- the Calculation Periods are the Interest Accrual Periods;
- the Period End Dates are the Interest Period End Dates;
- the Payment Dates are the Interest Payment Dates;
- the Reset Dates are the Interest Period End Dates;
- the Calculation Amount is the principal amount of such Note;

- the Day Count Fraction applicable to the calculation of any amount is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions;
- the Applicable Business Day Convention applicable to any date is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions; and
- the Floating Rate Option as specified in the relevant Final Terms; and
- the Designated Maturity as specified in the relevant Final Terms.

Maximum or Minimum Interest Rate

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

Accrual of Interest

5.8 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent, the Registrar or, as the case may be, the Trustee or the VPS Account Manager having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Principal Paying Agent, the Registrar or, as the case may be, the Trustee has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

5.9 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in respect of each Specified Denomination or, if the Calculation Amount is less than the minimum Specified Denomination, the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination (in the case of Bearer Notes) and the minimum denomination (in the case of Registered Notes or VPS Notes) for the relevant Interest Accrual Period, calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount to be notified to the Principal Paying Agent, the Trustee, the Registrar (in the case of Registered Notes), the VPS Account Manager (in the case of VPS Notes), the Issuer, the Holders in accordance with Condition 14 and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the relevant stock exchange, which shall be no later than the first London Banking Day after their determination or calculation in the case of any Notes listed on the official list of the Luxembourg Stock Exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements satisfactory to the Trustee made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Notes become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee (in its absolute discretion) otherwise requires.

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

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) to act as such in its place.

The determination of each Interest Rate, Interest Amount and Redemption Amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer, the Trustee and the Holders and none of the Calculation Agent, the Trustee and any Reference Bank shall (in the absence of manifest error) have any liability to the Holders in respect of any determination, calculation, quotation or rate made or provided by it.

Calculations and Adjustments

5.10 The amount of interest payable in respect of any Note for any period shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product by the Day Count Fraction, rounding the resulting figure as specified below and multiplying such rounded figure by a fraction equal to the Outstanding Principal Amount of the relevant Note divided by the Calculation Amount, save that (i) if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount and (ii) in the case of Notes where the Interest Rate is fixed, unless otherwise specified in the Final Terms, the interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed or (iii) on such other basis as may be agreed, as specified in the applicable Final Terms. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Definitions

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

"**Banking Day**" means, in respect of any city, any day (other than a Saturday or Sunday) on which commercial banks are generally open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments generally in the Relevant Financial Centre in respect of the relevant Notes or, in relation to Notes payable in euro, a TARGET Business Day.

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

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

"Calculation Amount" has the meaning given in the relevant Final Terms.

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (**"Calculation Period"**), such day count fraction as may be specified in the Final Terms and:

- (i) if **"Actual/365"** or **"Actual/Actual"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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 so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) 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 (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if **"30E/360"** or **"Eurobond Basis"** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or

last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and

- (vi) if "**Actual/Actual – (ICMA)**" is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year.

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

"**Euro-zone**" means the region comprised of member states of the European Union which adopt the euro in accordance with the Treaty establishing the European Communities, as amended.

"**First Interest Payment Date**" means the date specified in the Final Terms.

"**Fixed Coupon Amount**" has the meaning specified in the relevant Final Terms.

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

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

"**Interest Determination Date**" means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified:

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

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

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

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

"Interest Rate" means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

"ISDA Definitions" means the 2000 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.)) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor).

"NIBOR" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial institutions, Finance Norway – FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor).

"Outstanding Principal Amount" means, in respect of a Note, its principal amount.

"Reference Banks" means such banks as may be specified in the Final Terms as the Reference Banks or, if none are specified, "Reference Banks" has the meaning given in the ISDA Definitions, *mutatis mutandis*.

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from the one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day" in the ISDA Definitions, as specified in the Final Terms.

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

"**Reuters Screen**" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**TARGET Business Day**" means any day on which the TARGET2 is open for the settlement of payments in euro.

Non-Interest Bearing (Zero Coupon) Notes

5.12 If any Redemption Amount (as defined in Condition 6.10) in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note or Certificate (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent, the Registrar, or, as the case may be, the VPS Account Manager or the Trustee having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 that the Principal Paying Agent, the Registrar or, as the case may be, the VPS Account Manager or the Trustee has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.8 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.9).

6. Redemption and Purchase

Redemption at Maturity

6.1 Unless previously redeemed, or purchased and cancelled or unless such Note is stated in the Final Terms as having no fixed maturity date, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its Outstanding Principal Amount) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Early Redemption for Taxation Reasons

6.2 If, in relation to any Series of Notes, the Issuer satisfies the Trustee that (i) as a result of any change in the relevant laws, regulations or rulings of the Kingdom of Norway ("**Norway**") or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or

after the date of issue of such Notes or any other date specified in the Final Terms, the Issuer has or will become obliged to pay additional amounts as provided in Condition 8 and, (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) together with accrued interest (if any) thereon provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing (satisfactory to the Trustee) to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 6.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.2.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.6.

Optional Early Redemption (Call)

6.3 If this Condition 6.3 is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice to the Holders and having notified the Trustee prior to the provision of such notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their (i) Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms, or (ii) if Make Whole Redemption Price is specified as being applicable in the applicable Final Terms, the relevant Make Whole Redemption Price), together with accrued interest (if any) thereon on the date specified in such notice.

The Make Whole Redemption Price will be an amount equal to the higher of:

- (i) if spens amount is specified as being applicable in the applicable Final Terms, (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed or (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the relevant Dealer(s) by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin; or
- (ii) if Make Whole Redemption Amount is specified as applicable in the applicable Final Terms, (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed or (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin,

all as determined by the Determination Agent.

In this Condition 6.3:

"**DA Selected Bond**" means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be

utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

"Determination Agent" means an investment bank or financial institution of international standing selected by the Issuer after consultation with the relevant Dealer(s) as may be specified in the relevant Final Terms;

"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the relevant Dealer(s) may approve;

"Quotation Time" shall be as set out in the applicable Final Terms;

"Redemption Margin" shall be as set out in the applicable Final Terms;

"Reference Bond" shall be as set out in the applicable Final Terms or the DA Selected Bond;

"Reference Bond Price" means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"Reference Date" will be set out in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

"Remaining Term Interest" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6.3.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.6.

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

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Note or

Permanent Global Note) the serial numbers of the Notes of the relevant Series which are to be redeemed;

- the due date for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given and which shall be such date or the next of such dates ("**Call Option Date(s)**") or a day falling within such period ("**Call Option Period**"), as may be specified in the Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Partial Redemption

6.5 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.3:

- in the case of Bearer Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Trustee may approve and deem appropriate and fair; and
- in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) pro rata to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an integral multiple thereof,
- in the case of VPS Notes, the Notes to be redeemed shall be selected in accordance with the rules of the VPS.

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.10 which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

Optional Early Redemption (Put)

6.6 If this Condition 6.6 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates ("**Put Date(s)**") or a day falling within such period ("**Put Period**") as may be specified in the Final Terms), deposit the relevant Note or Certificate (together, in the case of an interest-bearing Note in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9A.6 apply)) during normal business hours at the specified office of, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar or any Transfer Agent together with a duly completed early redemption notice ("**Put Notice**") in the form which is available from the specified office of any of the Paying Agents, the Registrar or, as the case may be, any Transfer Agent specifying, in the case of a Registered Note, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof) or, in the case of VPS Notes, the holder must deposit with the VPS Account Manager or the Issuer at its specified office a duly completed option exercise notice in the form obtainable from the Paying Agent or the VPS Account Manager. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement).

In the case of the redemption of part only of a Registered Note, a new Certificate in respect of the unredeemed balance shall be issued in accordance with Conditions 2.4 to 2.10 which shall apply as in the case of a transfer of Registered Notes as if such new Certificate were in respect of the untransferred balance.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 6.2 or 6.3.

Purchase of Notes

6.7 The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of Notes alike.

Cancellation of Redeemed and Purchased Notes

6.8 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 6 will be cancelled forthwith or in the case of VPS Notes, be deleted from the VPS, and may not be reissued or resold.

Further Provisions applicable to Redemption Amount

6.9 The provisions of Condition 5.7 and the last paragraph of Condition 5.8 shall apply to any determination or calculation of the Redemption Amount required by the Final Terms to be made by the Calculation Agent.

6.10 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.

6.11 In the case of any Note which is non-interest bearing, the "**Amortised Face Amount**" shall be an amount equal to the sum of:

- (i) the Issue Price specified in the Final Terms; and
- (ii) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.9) specified in the Final Terms for the purposes of this Condition 6.11.

6.12 In the case of any Note which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note or Certificate (if required), the relevant payment is made; and
- (ii) (except where presentation or surrender of the relevant Note or Certificate is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent, the Registrar or, as the case may be, the Trustee having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

6.13 If this Condition 6.13 is specified in the Final Terms as being applicable, then the Holder of any Note of the relevant Series shall be entitled to require the Issuer to redeem such Note in the manner and in the amount set out in Condition 6.6 (or in such other manner or amount specified in the Final Terms) in the event that the Issuer ceases to be wholly owned (directly or indirectly) by the Kingdom of Norway (such event, a "**Change of Control**") and the Issuer shall notify such Holders in accordance with Condition 14 of such Change of Control not less than twenty days prior to the date upon which such Change of Control takes place.

7. Events of Default

7.1 The Trustee may at its discretion, and if so requested in writing by the Holders of not less than 25 per cent. of the Outstanding Principal Amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Holders of such Series shall (subject in each case to being indemnified and/ or secured and/ or prefunded to its satisfaction) (but, in the case of the happening of any of the events mentioned in paragraphs (ii) to (xi) below inclusive, only if the Trustee shall have certified that, in its opinion, such event is materially prejudicial to the interests of the Holders of such Series, provided that, such certification shall only be required in respect of Material Subsidiaries (and not the Issuer) in the case of paragraphs (iv) and (v)) give notice to the Issuer that the Notes of such Series are, and they shall accordingly thereby become, immediately due and repayable at their early termination amount (the "**Early Termination Amount**") (which shall be their Outstanding Principal Amount or, if such Note is non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) together with accrued interest thereon as provided in the Trust Deed, if any of the following events occur (each, an "**Event of Default**"):

- (i) *Failure to Pay*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and, if such failure is due to a technical or administrative reason, such failure is not remedied within seven calendar days; or
- (ii) *Other Obligations*: the Issuer fails duly to perform or comply with any other obligation under or in respect of the Notes, the Trust Deed or the Agency Agreement and (except in any case where the Trustee determines that such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such failure is not remedied within twenty calendar days (or such longer period as the Trustee in its sole discretion may permit) after written notice thereof has been delivered to the Issuer by the Trustee, requiring the same to be remedied; or
- (iii) *Cross Default*: any indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period, any indebtedness of the Issuer or any of its Material Subsidiaries is declared to be or otherwise becomes due and payable prior to its specified maturity or the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness, provided that, in each case, it shall not constitute an Event of Default if the aggregate amount of all such indebtedness is less than NOK 200,000,000 or an equivalent amount in another currency or currencies; or
- (iv) *Insolvency and Rescheduling*: either the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it (otherwise than, in the case of a Material Subsidiary, as a result of or pursuant to an amalgamation, reorganisation or restructuring, in each case, whilst solvent); or
- (v) *Winding-up*: either the Issuer or any of its Material Subsidiaries takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or reorganisation or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets (otherwise than, in the case of a Material Subsidiary, as a result of or pursuant to an amalgamation, reorganisation or restructuring, in each case, whilst solvent); or

- (vi) *Execution or Distress*: any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any part (in the opinion of the Trustee) of, the property, undertaking or assets of the Issuer or any of its Material Subsidiaries, having an aggregate value exceeding NOK20,000,000 and which is not discharged within 30 calendar days thereof; or
- (vii) *Analogous Events*: any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of those events mentioned in paragraphs (iv) (Insolvency and Rescheduling), (v) (Windingup) or (vi) (Execution or Distress); or
- (viii) *Cessation of Business*: the Issuer or any of its Material Subsidiaries ceases to carry on the business it carried on as at the date hereof (in the opinion of the Trustee) (otherwise than, in the case of a Material Subsidiary, as a result of or pursuant to an amalgamation, reorganisation or restructuring, in each case, whilst solvent); or
- (ix) *Repudiation*: the Issuer repudiates its obligations in respect of the Notes or the Trust Deed; or
- (x) *Validity and Admissibility*: at any time any act, condition or thing required to be done, fulfilled or performed in order (a) to enable the Issuer lawfully to enter into, exercise its rights under and perform the obligations expressed to be assumed by it under and in respect of the Notes or the Trust Deed, (b) to ensure that those obligations are legal, valid, binding and enforceable or (c) to make the Notes, the Coupons and the Trust Deed admissible in evidence in Norway is not done, fulfilled or performed; or
- (xi) *Illegality*: at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes or the Trust Deed or any of the obligations of the Issuer thereunder are not or cease to be legal, valid and binding.

In these Terms and Conditions:

"Consolidated Total Assets" means at any time the aggregate value at that time of such of the Group's current assets, fixed assets and investments (excluding cross-border leases), determined at such time in accordance with accounting principles generally accepted in Norway and consistently applied and by reference to the most recently published consolidated financial statements of the Group; and

"Material Subsidiaries" means each of the subsidiaries of the Issuer whose individual assets represent not less than ten per cent. of Consolidated Total Assets or whose individual revenues (excluding intra-group items) represent not less than ten per cent. of Group Total Operating Revenue (as defined in the latest annual consolidated financial statements of the Group).

7.2 No Holder of Notes of the relevant Series shall be entitled to take any of the actions referred to in Condition 7.1 except that if the Trustee, having become bound to take such action, fails to do so within a reasonable period and such failure shall be continuing, then any Holder may on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself take such action to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.

8. Taxation

8.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Norway or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction except that:

- (A) in the case of Bearer Notes no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon;
 - (ii) more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented the relevant Note or Coupon for payment on the last day of such period of 30 days;
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union.
- (B) in the case of Registered Notes, no such additional amounts shall be payable in respect of any Note:
- (i) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) where (in the case of a payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with the Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days;
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) surrendered by or on behalf of a Holder who would have been able to avoid such withholding or deduction by surrendering the relevant Certificate to another Paying Agent in a member state of the European Union.

8.2 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent, the Registrar or, as the case may be, the Trustee, on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 14.

8.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to Norway, references in Condition 6.2 and Condition 8.1 to Norway shall be read and construed as references to Norway and/or to such other jurisdiction(s).

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

9. Payments

9A Payments – Bearer Notes

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

9A.2 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

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

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

9A.4 Payments of amounts due in respect of interest on the Notes and exchanges of Talons for Coupon sheets in accordance with Condition 9A.7 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment is made in U.S. dollars, (b) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (c) such payment or exchange is permitted by applicable United States law. If paragraphs (a), (b) and (c) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

9A.5 If the due date for payment of any amount due in respect of any Note is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 9C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Final Terms) and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, if appropriate, Condition 5.10.

9A.6 Each Note initially delivered with Coupons or Talons attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

- (i) if the Final Terms specifies that this paragraph (i) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
- (ii) if the Final Terms specifies that this paragraph (ii) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons)

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

- (iii) in the case of Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

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

9A.7 In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9A.4 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

9B Payments – Registered Notes

9B.1 This Condition 9B is applicable in relation to Notes in registered form.

9B.2 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Certificate at the specified office of the Registrar or any Transfer Agent. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Centre Day (as defined in Condition 9C.3), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

9B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.6) before the due date for such payment (the "Record Date").

9B.4 Notwithstanding the provisions of Condition 9C.2, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by cheque and posted to the address (as recorded in the Register of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.6) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder

thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.6 or, as appropriate, Condition 5.10.

9C Payments – General Provisions

9C.1 Save as otherwise specified in these Terms and Conditions, this Condition 9C is applicable in relation to Notes whether in bearer or in registered form.

9C.2 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

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

- (i) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Final Terms or, in the case of payment in euro, a TARGET Business Day; and
- (ii) "**Local Banking Day**" means a day (other than a Saturday or Sunday) on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in the place of presentation of the relevant Note or, as the case may be, Coupon.

9C.4 No commissions or expenses shall be charged to the holders of Notes or Coupons in respect of such payments.

9D Payments – VPS Notes

Payments of principal and interest in respect of VPS Notes will be made to the Noteholders shown in the records of the VPS in accordance with and subject to the VPS Act and the rules and regulations from time to time governing the VPS.

10. Prescription

10.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8.2) for payment thereof.

10.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.6 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

11. The Paying Agents, the Registrar, the VPS Account Manager, the Transfer Agents and the Calculation Agent

11.1 The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time (with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent (including the Principal Paying Agent), the Registrar, the VPS Account Manager, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents, another Registrar, another VPS Account Manager, additional or other Transfer Agents or another Calculation Agent provided that it will at all times maintain (i) a Principal Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) a Paying Agent (or in the case of Registered Notes, a Transfer Agent) with a specified office in a continental European city, (iv) so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the

Luxembourg Stock Exchange and/or any other stock exchange, a Paying Agent and a Registrar or Transfer Agent each with a specified office in Luxembourg and/or in such other place as may be required by the rules of such other stock exchange, (v) in the circumstances described in Condition 9A.4, a Paying Agent with a specified office in New York City, and (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions) and (v) in the case of VPS Notes, a VPS Account Manager. The Paying Agents, the Registrar, the VPS Account Manager the Transfer Agents and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar, the VPS Account Manager, any Transfer Agent or the Calculation Agent will be given promptly by the Issuer to the Trustee and the Holders in accordance with Condition 14.

11.2 The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer or, following the occurrence of an Event of Default or a Potential Event of Default (as defined in the Trust Deed), the Trustee and, save as provided in the Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11.3 The Issuer undertakes that it will ensure that it maintains a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive.

12. Replacement of Notes

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

13. Meetings of Holders and Modification

The Trust Deed contains provisions for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interests, including (without limitation) the modification by Extraordinary Resolution (as defined in the Trust Deed) of these Terms and Conditions insofar as the same may apply to such Notes. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series. The Trust Deed contains provisions for the convening of a single meeting of Holders of the Notes of more than one Series where the Trustee so decides.

The Trustee may (subject to certain exceptions) without the consent of the Holders of the Notes or the Coupons appertaining thereto (i) agree to any modification of these Terms and Conditions or of the Trust Deed (other than in respect of Reserved Matters (as defined in the Trust Deed)) which, in any case, in the opinion of the Trustee is not materially prejudicial to the interests of the Holders of the Notes or is of a formal, minor or technical nature or which is made to correct a manifest error, or (ii) waive or authorise any breach or proposed breach by the Issuer of any of the provisions of these Terms and Conditions applicable to the Notes or Coupons or the Trust Deed or determine that an Event of Default or a Potential Event of Default shall not be treated as such, provided that, in either case, in the Trustee's opinion, the Holders of the Notes will not be materially prejudiced thereby. Any such modification, waiver, authorisation or determination shall be binding on the Holders of such Notes and of the Coupons appertaining thereto and, if the Trustee requires, shall be notified to the Holders of such Notes as soon as practicable thereafter.

14. Notices

To Holders of Bearer Notes

14.1 Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and (ii) in the case of any Notes which are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, in electronic form on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or (iii) (in the case of (i) or (ii)), if such publication is not practicable in the opinion of the Trustee, if published in a leading English language daily newspaper having general circulation in Europe approved by the Trustee. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition 14.1.

To Holders of Registered Notes

14.2 Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. With respect to Registered Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, notices shall also be published in electronic form on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

To Holders of VPS Notes

14.3 Notices to Holders of VPS Notes shall be given in accordance with the rules and regulations set out by the VPS as amended from time to time.

15. Further Issues

The Issuer may from time to time, with the prior written consent of the Trustee but without the consent of the Holders of any Notes or Coupons, create and issue further instruments, notes or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them, the issue date and/or the issue price thereof) so as to form a single series with the Notes of any particular Series. Any such further issue shall be constituted by a trust deed supplemental to the Trust Deed.

16. Enforcement

16.1 At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders holding at least one-quarter of the Outstanding Principal Amount of the Notes then outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction. No Holder of a Note or Coupon may proceed directly against the Issuer, unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

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

17. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and to be paid its costs and expenses in priority to the claims of the Holders. The Trustee is

entitled to enter into business transactions with the Issuer or any subsidiary and any entity associated directly or indirectly to the Issuer or any subsidiary without accounting for any profit.

In the exercise of its powers and discretions under these Terms and Conditions and the Trust Deed, the Trustee will have regard to the interests of the Holders as a class and will not be responsible for any consequence for individual Holders of Notes or Coupons as a result of such Holders being connected with any particular territory or taxing jurisdiction.

18. Law and Jurisdiction

18.1 The Notes and the Trust Deed and any non-contractual obligation arising out of or in connection with them are governed by English law. VPS Notes must comply with the relevant regulations of the VPS and the Norwegian Securities Act of 5th July, 2002, No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation. The registration of VPS Notes in the VPS as well as the recording and transfer of ownership to, and other interests in, VPS Notes will be governed by, and construed in accordance with, Norwegian law.

18.2 The Issuer has irrevocably agreed in the Trust Deed for the benefit of the Trustee and Holders of the Notes that the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed or the Notes and Coupons (including a dispute relating to the existence, validity or termination of the Trust Deed or the Notes and Coupons or any non-contractual obligations arising out of or in connection with them) or the consequences of their nullity.

18.3 The Issuer has agreed in the Trust Deed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

18.4 The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to TMF Corporate Services Limited at 6 St Andrew Street, 5th Floor, London EC4A 3A or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer has undertaken in the Trust Deed that it shall, on written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer. Nothing in this paragraph shall affect the right of the Trustee or any Holder of the Notes to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

18.5 Condition 18.2 is for the benefit of the Trustee and the Holders of the Notes only. As a result, nothing in this Condition 18 prevents the Trustee or any Holders of the Notes or any of them from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee or any Holders of the Notes or any of them may take concurrent Proceedings in any number of jurisdictions.

18.6 The Issuer has consented in the Trust Deed generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

18.7 To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer has agreed in the Trust Deed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

Provisions relating to the Notes whilst in Global Form

(A) Relationship of Accountholders with Clearing Systems

Bearer Notes

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer to the bearer of such Global Note, and in relation to all other rights arising under the Global Note subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note, in respect of each amount so paid. References in these provisions relating to the Notes in global form to "**holder**" or "**accountholder**" are to those persons shown in the records of the relevant clearing system as a holder of a Note and references to "**Holder**" shall have the meaning attributed to it in the Terms and Conditions.

Registered Notes

In relation to any Tranche of Notes represented by one or more Global Note Certificate, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which, in the case of any Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

(B) Form and Exchange - Bearer Global Notes

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

(1) *TEFRA D, TEFRA C or TEFRA not applicable:* The Final Terms shall specify whether U.S. Treasury Regulation §1.1635(c)(2)(i)(D) or any successor rules in the U.S. Treasury Regulations promulgated under Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA D Rules**") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor rules in the U.S. Treasury Regulations promulgated under Section 4701 of the U.S. Internal Revenue Code (the "**TEFRA C Rules**") shall apply. Each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "**Temporary Global Note**"), unless the Final Terms specifies otherwise or the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a Permanent Global Note.

Interests in a Temporary Global Note may be exchanged for:

- (i) interests in a permanent global Note (a "**Permanent Global Note**"); or
- (ii) if so specified in the Final Terms, definitive Notes in bearer form ("**Definitive Notes**") and/or (if so specified in the Final Terms) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Final Terms) and (unless the Final Terms specifies that TEFRA is not applicable or that the TEFRA C Rules are applicable to the Notes) provided certification as to the beneficial ownership thereof as required by U.S.

Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

(2) *Limitation on entitlement under a Temporary Global Note after Exchange Date:* Holders of interests in any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

(3) *Certification of non-U.S. beneficial ownership:* Unless the Final Terms specifies that TEFRA is not applicable or that the TEFRA C Rules are applicable to the Notes and subject to paragraph (2) above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system which may be specified in the Final Terms. Payments of amounts due in respect of a Permanent Global Note or (subject to paragraph (2) above) a Temporary Global Note (if the Final Terms specifies that TEFRA is not applicable or that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

(4) *Exchange for Definitive Notes:* Interests in a Permanent Global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the Holder of such Global Note, for Definitive Notes and/or (if so specified in the Final Terms) Registered Notes, (a) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 occurs or, (c) at any time on the request of the bearer, if so specified in the Final Terms. However, in relation to any Notes issued with a denomination of EUR100,000 (or equivalent) and integral multiples of EUR1,000 (or equivalent), each Permanent Global Note representing such Notes shall only be exchangeable to for Definitive Notes in the limited circumstances of (1) closure of Euroclear or Clearstream, Luxembourg or any other relevant clearing system for business for a continuous period of 14 days (other than by reason of legal holiday) or where such clearing system announces an intention permanently to cease business; (2) any of the circumstances described in Condition 7 occurring; or (3) exchange at the option of the Issuer due to adverse tax consequences as a result of the Notes being in global form. Whenever a Permanent Global Note is to be exchanged for Definitive Notes and/or Registered Notes, the Issuer shall procure the prompt delivery of such Definitive Notes and/or Registered Notes, duly authenticated and where and to the extent applicable, with Coupons and Talons attached (each as defined in Condition 1.2 and Condition 1.3), in an aggregate principal amount equal to the principal amount of such Permanent Global Note to the Holder of the Permanent Global Note against its surrender to or to the order of the Principal Paying Agent within 30 days of the Holder requesting such exchange.

(C) Form and Exchange - Global Note Certificates

(1) *Global Certificate:* Each Note represented by a Global Note Certificate will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note Certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

(2) *Exchange:* The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream, Luxembourg (or such other relevant clearing

system) is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, (b) any of the circumstances described in Condition 7 occurs, or (c) at any time at the request of the registered Holder if so specified in the Final Terms.

In a press release dated 22 October 2008, "Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the New Safekeeping Structure would be in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

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

(D) Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Note Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

- (1) *Meetings:* The Holder of a Global Note or the registered Holder of a Global Note Certificate shall (unless such Global Note or Global Note Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the Holder of a Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such holder's holding, whether or not represented by a Global Certificate).
- (2) *Cancellation:* Cancellation of any Note represented by a Global Note that is required by the Terms and Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Note.
- (3) *Purchase:* Notes represented by a Global Note or Global Note Certificate may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.
- (4) *Issuer's Option:* Any option of the Issuer provided for in the Terms and Conditions of the Notes while such Notes are represented by a Global Note or Global Note Certificate shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and

procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

(5) *Holder's Options:* Any option of the holders provided for in the Terms and Conditions of any Notes while such Notes are represented by a Global Note may be exercised by the holder of the Permanent Global Note or Global Note Certificate giving notice to the Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting the Global Note or Global Note Certificate to the Principal Paying Agent, or to a Paying Agent acting on behalf of the Principal Paying Agent, for notation.

(6) *Notices:* So long as any Notes are represented by a Global Note or Global Note Certificate and such Global Note or Global Note Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the 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 or Global Note Certificate except that so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, notices shall also be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) or published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

(7) *Payments:* All payments in respect of the Global Notes will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

(8) *Payment Business Day:* in the case of a Global Note or a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre (as specified in the Final Terms); or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre (as specified in the Final Terms).

(9) *Payment Record Date:* Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Form of Final Terms

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

Final Terms dated [●]

NORGES STATSBANER AS

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

€1,750,000,000

Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the base prospectus dated 2 July 2015 [and the supplement to the base prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (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 Base 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 Base Prospectus. The Base Prospectus and the Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) [and during normal business hours at [address] [and copies may be obtained from [the registered office of the Issuer, at Schweigaards gate 23, N-0191 Oslo Norway]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the [2007 Conditions (the "**Conditions**") set forth in the base prospectus dated 13 August 2007]/[2008 Conditions (the "**Conditions**") set forth in the base prospectus dated 11 July 2008] [2009 Conditions (the "**Conditions**") set forth in the base prospectus dated 29 June 2009] [2010 Conditions (the "**Conditions**") set forth in the base prospectus dated 30 June 2010] [2011 Conditions (the "**Conditions**") set forth in the base prospectus dated 30 June 2011] [2012 Conditions (the "**Conditions**") set forth in the base prospectus dated 15 June 2012] [2013 Conditions (the "**Conditions**") set forth in the base prospectus dated 30 May 2013] [2014 Conditions (the "**Conditions**") set forth in the base prospectus dated 17 June 2014]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) as amended (the "**Prospectus Directive**") and must be read in conjunction with the base prospectus dated 2 July 2015 [and the supplement to the base prospectus dated [●]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [13 August 2007/ 11 July 2008/ 30 June 2010/ 30 June 2011/ 15 June 2012/30 May 2013/17 June 2014] and are attached hereto. 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 Base Prospectuses dated [13 August 2007/ 11 July 2008/ 30 June 2010/ 30 June 2011/ 15 June 2012/ 30 May 2013/ 17 June 2014 and 2 July 2015] [and the supplement(s) to the Base Prospectus dated [●] and [●]]. The Base Prospectuses and the Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) [and] during normal business hours at [address] [and copies may be obtained from [the registered office of the Issuer, at Schweigaards gate, N-0191 Oslo Norway]].

(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 an individual paragraph in which case the sub-paragraphs which are not applicable can be deleted. Italics denote guidance for completing the Final Terms.)

1. (i) Series Number: [●]
- (ii) Tranche Number: [●]
- (iii) Date on which notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to occur on or about [●]].]
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount of Notes: [●]
 - (i) Series: [●]
 - (ii) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (in the case of fungible notes only, if applicable)]
5. (i) Specified Denominations: [●]

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

(N.B. If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows.

"€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above €199,000.")

- (ii) Calculation Amount: [●]
- (N.B. The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).)
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
7. Maturity Date: [●]
- (Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year)
8. Interest Basis:
(As referred to under Condition 5) [[●] per cent. Fixed Rate]
- [[●][EURIBOR/LIBOR/ NIBOR]+/- [●] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below)
9. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100/[●]] per cent. of their nominal amount]
10. Change of Interest or Redemption/Payment Basis: [Applicable /Not Applicable] [Specify the date when any fixed to floating rate or zero coupon change occurs or refer to paragraphs 12, 13 and 14 below and identify these.]
11. Put/Call Options:
(As referred to under Conditions 6.3, 6.4, 6.5 and 6.6) [Optional Early Redemption (Call)]
- [Optional Early Redemption (Put)]
[[further particulars specified below]]
[Not Applicable]
12. [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (As referred to under Condition 5.3) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Rate(s): [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year [adjusted [for payment purposes only] in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount

(iv)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/Not applicable]
(v)	Day Count Fraction:	[Actual/Actual (ICMA)/30/360]
(vi)	Redemption for unmatured coupons:	[Condition 9A.6(i) applies]
14.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(As referred to under Condition 5.4 and 5.5)	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
(iii)	First Interest Payment Date:	[●]
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(v)	Business Centre(s):	[Not Applicable/[●]]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[Principal Paying Agent/[●]]
(viii)	Screen Rate Determination:	[Applicable/Not Applicable]
	— Reference Rate:	[●][●] [EURIBOR/LIBOR/NIBOR]
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
(ix)	ISDA Determination:	[Applicable/Not Applicable]
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(x)	Relevant Margin(s):	[+/-][●] per cent. per annum
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[Actual/365 / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / Eurobond Basis]
(xiv)	Redemption for unmatured coupons:	[Condition 9A.6(ii) applies]
15.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(As referred to under Condition 5.11)	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Reference Price:	[●]
(iii)	Day Count fraction determining amount payable:	Actual/365 / Actual/Actual (ICMA/ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis
PROVISIONS RELATING TO REDEMPTION		
16.	Optional Early Redemption (Call)	[Applicable/Not Applicable]
	(As referred to under Condition 6.3, 6.4 and 6.5)	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●]
(ii)	Early Redemption Amount (Call) of each Note:	[[●] per Calculation Amount/Make Whole Redemption Price]
(iii)	Make Whole Redemption Price	[spens amount/Make Whole Redemption Amount/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this</i>

- paragraph)*
- [(a) Reference Bond: [Insert applicable Reference Bond]
- [(b) Quotation Time: [•]
- [(c) Redemption Margin: [•] per cent. per annum
- [(d) Determination Date: [•]
- [(e) Reference Dealers: [•]
- [(f) Determination Agent: [•]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]
17. **Optional Early Redemption (Put)** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) As referred to under Condition 6.6: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Early Redemption Amount (Put) of each Note: [•] per Calculation Amount
- (c) Notice period: [•]
- (ii) As referred to under Condition 6.13 (*Change of Control*) [Applicable/Not Applicable]
18. **Early Redemption Amount** [At par/At the Amortised Face Amount]
- (As referred to under Condition 6.2 and 7)
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption if different from the principal amount of the Notes:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes: [Bearer Notes/Registered Notes/VPS Notes issued in uncertified book entry form]³:
- (As referred to under Condition 1)
- [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 [only,] [and/or Registered Notes] on [•] (*specify Exchange Date*)]
- (Specify date from which exchanges for Registered Notes will be made. If nothing is specified, exchanges will be made at any time)*

³ *In relation to Notes issued with a denomination of EUR100,000 (or equivalent) and integral multiples of EUR1,000 (or equivalent) in excess thereof, it will be necessary for the Global Note relating to such Notes to be exchangeable for Definitive Notes only in the limited circumstances of (1) closure of Euroclear or Clearstream, Luxembourg or any other relevant clearing system for business for a continuous period of 14 days (other than by reason of legal holiday) or where such clearing system announces an intention permanently to cease business; (2) any of the circumstances described in Condition 7 occurring; and (3) exchange at the option of the Issuer due to adverse tax consequences as a result of the Notes being in global form.*

[Permanent Global Note exchangeable for Definitive Notes [only] [and/or Registered Notes] on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

[Registered Notes]

[Bearer Notes exchangeable for Registered Notes]

Global Note Certificate [(U.S.\$/€[●] nominal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))].]

20. [New Global Note]/[New Safekeeping Structure]: [Yes] [No]

21. Financial Centre(s): [Not Applicable/[●]]

(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii) and 16(v) relate.)

22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]

[THIRD PARTY INFORMATION]

(Relevant third party information) has been extracted from *(specify source)*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by *(specify source)*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

By:
Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to listing and trading: [[Application has been made/Application is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange] / [●] with effect from [●]][Not Applicable]
- [[Application has been made/Application is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to listing on [the Official List of the Luxembourg Stock Exchange]/ [●] with effect from [●]] [Not Applicable].
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

[Not Applicable]/[The Notes to be issued [have been/are expected to be] rated]/ [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

The Notes to be issued have been rated:
[Standard & Poor's Credit Market Services Europe Limited: [●]]
[Moody's Italia S.r.l.: [●]]

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

[Apart from the appointment of [*insert names of managers*] listed in paragraph 6 below, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]/[●]/Not applicable].

4. FIXED RATE NOTES ONLY - YIELD

Indication of yield: [●] / [Not Applicable]

5. FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/NIBOR] rates can be obtained from [Reuters]/ [Not Applicable].

6. DISTRIBUTION

- (i) If syndicated, names of Managers: [Not Applicable/[●]]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/[●]]

If non syndicated, name of Dealer: [Not Applicable/[●]]

U.S. Selling Restrictions: [Reg. S Compliance Category 2: TEFRA C/TEFRA D/TEFRA not applicable]

7. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s), number(s) and address(s)*]

Delivery: Delivery [against/free of] payment

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

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

Name and address of Calculation

Agent (if any):

[•]

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

[Yes. Note that the designation “yes” means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Norges Statsbaner

Introduction

Norges Statsbaner AS ("**NSB**" or the "**Issuer**") is registered in the Norwegian Register of Business Enterprises in Brønnøysund, Norway, with registration number 984 661 177 (organisation number). NSB is incorporated in Oslo, Norway. NSB is 100 per cent. owned by the Kingdom of Norway, represented by the Ministry of Transport and Communication (the "**Ministry of Transport**").

NSB's registered office is at Schweigaards gate. 23, N-0191 Oslo, Norway. NSB's central telephone number is (+47) 23 15 00 00.

History

The Norwegian State Rail Traffic Corporation Act dated 22 November 1996 established NSB BA (the Norwegian State Railway) and Jernbaneverket (the Norwegian National Rail Administration) as two separate entities under the Ministry of Transport with effect from 1 December 1996. Prior to 1 December 1996 NSB was organised as one united division under the Ministry of Transport, which operated the Norwegian rail track and infrastructure and provided passenger and freight rail and road services, travel agency functions and related maintenance and real estate services. With effect from 1 December 1996, track and related infrastructure were transferred to Jernbaneverket and the remainder of the activities of the former Norwegian State Railway were transferred to NSB BA. This separation of infrastructure and transport services is in line with the EU Transport Directive.

On 1 December 1996, NSB was incorporated as a limited liability company wholly owned by the Kingdom of Norway. NSB's activities were, until 1 July 2002, governed by the Norwegian State Rail Traffic Corporation Act dated 22 November 1996. The Norwegian Parliament decided in June 2002 to change the legal status of NSB from a limited liability company regulated by special Act of the Norwegian Parliament (BA) to a private limited liability company (AS-aksjeselskap) governed by the Norwegian Act no. 44 of 13 June 1997 relating to private limited liability companies. The purpose of the change of legal structure in 2002 was primarily to secure equal terms of competition for NSB making the legal structure as equal as possible to that of the competitors and for the Issuer to utilise a legal structure well known both in Norway and abroad.

The right to operate railways and provide railway services in Norway is subject to authorisation by the Ministry of Transport.

As further described under *Recent Developments* on page 68 below, the Ministry of Transport submitted the White Paper describing a proposed reform of the Norwegian railway sector to Stortinget (the Norwegian parliament) on 12 May 2015.

Ownership and Group Structure

NSB is wholly owned by the Kingdom of Norway. As at 31 December 2014, its paid-up equity capital amounted to NOK 5.1 billion. NSB and its subsidiaries (the "**Group**") is one of Norway's largest transport groups⁴. The Group's headquarters are in Oslo while operations are spread throughout most of Norway and in certain parts of Sweden. NSB's activity is railroad transportation, bus and other transport services, as well as other connected operations including real estate management.

NSB is responsible for the Group's passenger rail traffic and is the parent company of four major wholly owned subsidiaries: Nettbuss AS (a major passenger bus operator), ROM Eiendom AS (responsible for real estate/non rail related property/Property Development), CargoNet AS (freight rail traffic) and Mantena AS (maintenance of railway vehicles). See "*NSB Group Structure Chart*" below.

The Issuer is not dependent upon other entities within the Group for its funding needs.

⁴ *The largest group on rail freight and passenger rail services according to SSB (Statistisk Sentralbyrå, Norwegian Central Statistics Bureau), and largest bus transport group according to statistical figures for 2013, prepared by Transportbedriftenes Landsforening (the Federation of Norwegian Transport Companies).*

In the White Paper it is proposed that the real estate company ROM Eiendom AS will be transferred to a new infrastructure company organised directly under the Ministry of Transport. Furthermore it is proposed that the maintenance company Mantena AS going forward will be owned directly by the Ministry of Transport. Please see further descriptions under "*Recent Developments*" on page 68 below. In the White Paper it is also proposed that rolling stock used for passenger transport by rail which today is owned by the Issuer will be transferred either to a new infrastructure company or a maintenance company, which will be owned by the Ministry of Transport.

General Assembly and the Board

The General Assembly consists of the Norwegian Government (the "**Government**") represented by the Ministry of Transport. The Board of Directors (the "**Board**") consists of eight members of whom three are elected by and among the employees.

Owner control and Corporate Governance

NSB is wholly owned by the Kingdom of Norway. The Kingdom of Norway, through its ownership, has a substantial influence over the Issuer by deciding matters submitted for a vote of shareholders, such as approval of the annual financial statements, declarations of annual reserves and dividends, capital increases, amendments to the Issuer's constituting documents and election and removal of members of the Issuer's Board of Directors.

Pursuant to NSB's Articles of Association all matters that are considered to be of material importance to society or matters of principle shall be submitted to the Minister of Transport.

Each year the Board shall present a plan for the business and its subsidiaries to the Minister of Transport in which the following issues are included:

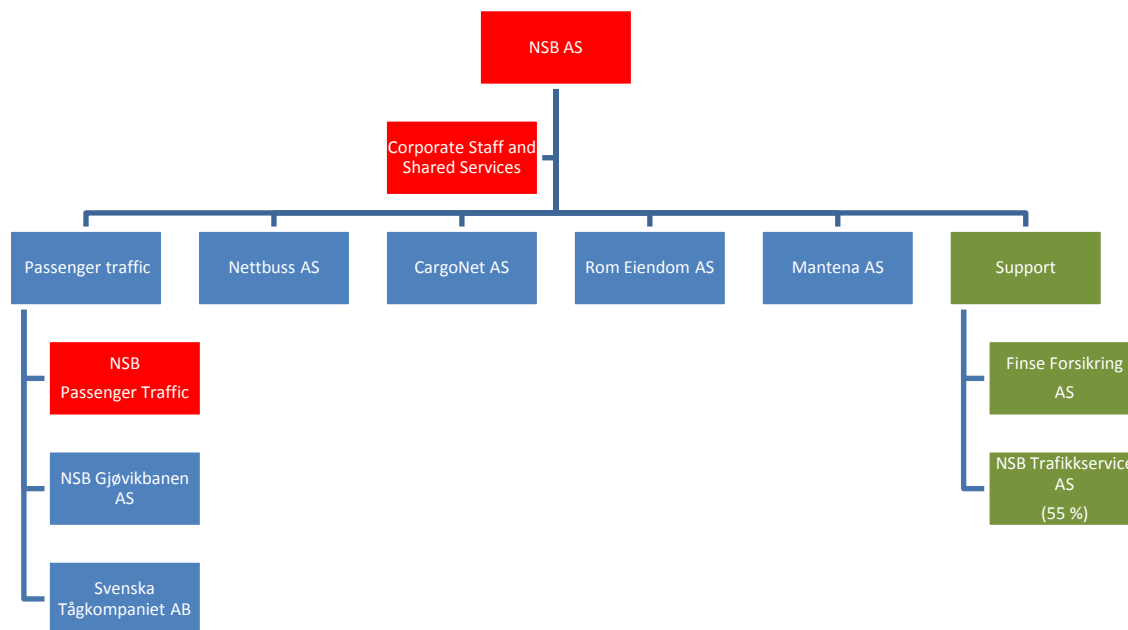
- (i) A description of the situation of the market and the Group, including developments in the Group since the last plan was presented
- (ii) The main features of the activities of the Group in the coming years, including major reorganisations, the further development or winding-up of existing activities and services and the development of new activities and services
- (iii) The Group's investment levels, major investments and funding plans.
- (iv) Assessments of economic developments during the planning period
- (v) Report on measures and results pertaining to the social mission and social responsibilities of the Company

So far as the Issuer is aware, there are no arrangements which may at a subsequent date result in a change of control of the Issuer. In the White Paper it is proposed that the Issuer shall remain 100 per cent. owned by the Norwegian state.

The Board has approved the introduction of the Norwegian Code of Practice for owner control and Corporate Governance adapted to the Group's and the subsidiaries structure of ownership. This Code includes measures to ensure that owner control is not abused.

NSB Group Structure Chart

Boxes in red show units within the parent company (NSB AS), blue boxes are the core business areas. Green boxes show companies supporting the other group companies. Please note that the Group structure may differ substantially following implementation of the reforms proposed in the White Paper, as further outlined under *Recent Developments* on page 68 below.



Area	Status	Activity
NSB AS	Parent	Passenger rail traffic
NSB Gjøvikbanen AS (100 per cent.)	Subsidiary	Passenger rail traffic on the Gjøvik line
Svenska Tågkompaniet AB (100 per cent.)	Subsidiary	Passenger rail traffic in Sweden
Nettbuss AS (100 per cent.)	Subsidiary	Road passenger services Nettbuss has 13 subsidiaries, and 32 sub-subsidiaries
CargoNet AS (100 per cent.)	Subsidiary	Rail freight traffic
ROM Eiendom AS (100 per cent.) ⁵	Subsidiary	Properties related to core business/ Non-rail related property/Property Development
Mantena AS (100 per cent.) ⁶	Subsidiary	Maintenance support Subsidiary in Sweden Mantena AB
NSB Trafikkservice AS (55 per cent.)	Subsidiary	Cleaning of trains
Finse Forsikring AS (100 per cent.)	Subsidiary	Captive/insurance

The Norwegian rail network

Network commercial traffic	3,891 km
Electrical powered stretches and track	2,500 km
Double tracks	246 km
Manned stations	18

Rolling stock as at 31 December 2014

Electrical locomotives	80
Diesel locomotives	32
Electric multiple units	199
Diesel multiple units	31

⁵ It is proposed that ROM Eiendom AS is transferred to out of NSB in connection with the Reform, see *Recent Developments* on page 68 below.

⁶ It is proposed that Mantena AS is transferred to out of NSB in connection with the Reform, see *Recent Developments* on page 68 below.

Area	Status	Activity
Passenger carriages	148	
Freight wagons	1.395	
Buses	3.195	

Business areas of NSB Group

Passenger Rail Traffic NSB AS, NSB Gjøvikbanen AS and Svenska Tågkompaniet AB

Passenger Rail Traffic for the NSB Group, now consists of the following companies in addition to NSB AS: NSB Gjøvikbanen AS (100 per cent.) and Svenska Tågkompaniet AB (100 per cent.).

Passenger Rail Traffic contributed NOK 659 million to total Group operating profit in 2014, a decrease of NOK 183 million from 2013. This is mainly due to an increased depreciation and IT costs. Operating income in 2014 was NOK 7,087 million, an increase of 7.8 per cent. from 2013.

A total of 69 million passengers travelled with NSB trains in Norway during 2014, an increase of 13 per cent. compared to 2013. When measured in passenger kilometres, there was an increase of 4 per cent.

Most categories of both regional trains and local trains have shown increased income and volume since 2005. Local trains in and around the Oslo area had ticket revenues increase by 21 per cent. in 2014. Ticket revenue for regional trains increased by 5 per cent. The figure for commercial regional trains was 3 per cent. Consumer satisfaction increased from 69 in 2013 to 70 in 2014. Consumer satisfaction for local trains reached 68 and regional trains 73. NSB was, however, ranked high on environmental consciousness and the company's social mission.

Since 2007 NSB has owned 100 per cent of the shares in Svenska Tågkompaniet AB ("**TKAB**"). TKAB operates passenger rail lines in Sweden and the operating income in 2014 was NOK 371 million.

Traffic Development

Figures below show passenger traffic development over the past five years in Norway.

	Traffic development 2010-2014				
	2010	2011	2012	2013	2014
Total passenger kilometres (millions)	2,733	2,725	2,787	2,939	3,064
Total journeys (millions)	52	53	56	66	69

Public Procurement

Approximately 44 per cent. of the operating revenue in NSB AS (passenger rail traffic) is derived from the purchase of services on various routes by the Government under the "Public Procurement Agreement". The principal objective of public procurement is to support Government policies on both environmental and health issues through a reduction in the number of traffic accidents and the relief of road congestion. In addition, it ensures that a minimum level of public transport is provided to and from outlying districts. The level of public purchase is based on NSB's production volume for each route and the level of investments (capital cost) on rolling stock dedicated to each route that falls under the Public Procurement Agreement. The Public Procurement Agreement allows NSB to achieve some profit from the provision of services on these routes over time. The existing Public Procurement Agreement is valid for the period 1 January 2012 to 31 December 2017.

The Public Procurement Agreement essentially imposes a Public Service Obligation ("**PSO**") on the Issuer, which is specific and clearly defined. The parameters for the calculation of the compensation that the Issuer receives from the State for the passenger transport services provided under the PSO are established and negotiated in advance for the duration of the agreement between the Government and the Issuer in an objective and transparent manner, based on specific financial analysis of the historical and expected cost levels of the Issuer which are comparable to the equivalent costs of a typical, adequately provided and well-run undertaking providing the same service and avoids conferring any economic

advantage to the Issuer. The Issuer bears any risks related to costs increasing beyond the agreed terms of compensation. The compensation paid does not exceed what is necessary to cover all or part of the costs incurred by the Issuer in the discharge of the PSO taking into account the relevant receipts, the cost of the necessary investment, and service levels including the abovementioned considerations and a reasonable profit for discharging those obligations. The purchase under the Public Procurement Agreement is subsequently either directly or indirectly approved by the Norwegian Parliament (*Stortinget*) by its decision, which approves the annual Budget of the Government.

The compensation paid to the Issuer by the Government is in the Issuer's opinion compatible with the provisions of the EEA Agreement regarding limitations on the provision of state aid, given that the Public Procurement Agreement is essentially concluded on the basis of and in accordance with the framework provided under (a) NOU (*Official Norwegian Report*) 1987:5 and (b) St. meld. Nr. 54 (*Report to Stortinget*) (1988-89) (together the "**original policy framework**"), which set out the relevant framework for the procurement by the Government of public transport rail services, by means of agreements. The original policy framework contained the first relevant proposal of the Government to Stortinget. Following the submission by the Government of its proposal, Stortinget may endorse, by its decision approving the annual Budget, this procurement arrangement between the Government and the service providers. The original policy framework is improved, supplemented or expanded to include new policy considerations and reflect new market conditions but it remains unaltered as regards its core principles and continues to provide the main platform upon which public railway transport services agreements are concluded and approved in Norway. Given that the original policy framework was established prior to the coming into force of the EEA Agreement it would most probably be considered to constitute existing State aid for the purposes of the EEA Agreement, which would remain valid until appropriately revised for the future by the EFTA Surveillance Authority. The Issuer considers in any event that the public service compensation is paid in accordance with Regulation (EC) No 1370/2007 and thus compatible with the EEA-Agreement and exempt from prior notification.

The existing Public Procurement Agreement allows NSB to make some profit in the passenger rail services area. The table below shows the development of public purchases of railway passenger services over the recent years and its contribution to operating profits.

	For the year ending 31 December (derived from audited financial statements)				
	2010	2011	2012	2013	2014
	<i>NOK Millions</i>				
Operating revenue and other income.....	2,826	2,839	2,931	3,297	3,641
Public purchase	1,600	2,104	2,451	2,784	2,919
Operating result.....	-194	20	368	552	540

The annual reports are prepared in accordance with IFRS.

As described under *Recent Developments* on page 68 below, it has been proposed to introduce a liberalisation of public passenger railway transport in Norway from the expiration of the existing Public Procurement Agreement, i.e. from 31 December 2017.

Competitive Challenges

Today NSB enjoys a near monopoly on passenger rail traffic and has a dominant market share within rail freight traffic. With the proposed introduction of competition as described under *Recent Developments* on page 68 below, this position is expected to change going forward.

NSB Passenger Traffic's short distance and intermediate distance services operate substantially at full capacity during peak traffic hours. On these routes, the private car and buses are the most important competitors.

In the case of long-distance routes, utilisation levels outside rush hours and holiday seasons are lower. As with short and intermediate distance routes, the private car and express buses are the most significant competitors. In addition, the competition from low price airlines has increased over the last years for the longest distances between the largest cities.

In 2005 the Government put a small line (*Gjøvikbanen*) out for tender. The 10 year contract for this operation was awarded to NSB and is operated by the 100 per cent. owned subsidiary NSB Gjøvikbanen AS. Operation of that line started in June 2006.

See the description under "*Recent Developments*", below and the risk factor "*Risk relating to the Issuer's exposure to competition and potential re-organisation of the railway sector*" for further details on NSB's exposure to competition.

Rolling Stock

A contract for 50 new train sets was signed in 2008 and a contract for a further 16 train sets in 2012, a further 4 train sets in 2013, and a further 11 train sets in 2014, with an option to purchase 69 more trains. The final 11 trains are scheduled for delivery in 2016.

Rail Infrastructure

The railway infrastructure used by NSB is managed by the Government through its "Norwegian National Rail Administration" (Jernbaneverket). NSB's rail services are dependent upon the quality of the infrastructure, including signalling systems, to maintain an acceptable level of punctuality and regularity on route operations. Ruptures or deviations on the network will affect customers satisfaction negatively and thus income negatively. The existing infrastructure also represents limitations to growth in the Group's rail services, especially passenger rail services as the Norwegian rail network is running at or close to its maximum capacity in several important areas and lines. The quality of the infrastructure has been declining in recent years, resulting in fairly extensive interruptions in traffic, especially in the Oslo area but also in other parts of Norway.

The Government has proposed to transfer the operational responsibility for freight terminals in Norway from CargoNet AS/RailCombi AS to the Jernbaneverket. The intention thereafter is that the future operation of the freight terminals will be put out for tender.

Road Passenger traffic

Nettbuss AS is owned 100 per cent. by NSB. The Nettbuss group of companies consists of the parent company Nettbuss AS which has 9 subsidiaries and 21 sub-subsidiaries. The core activity is fixed route services under contract with local authorities, tour services and express routes. The maintenance part of operations has developed from being just a support function to a commercial operator in the maintenance market for larger vehicles.

Nettbuss AS and its subsidiaries contributed with NOK 120 million to the total Group operating profit in 2014.

The Nettbuss group's revenue for 2014 was NOK 5,907 million, an decrease of 2 per cent. compared to 2013.

Nettbuss is established in Sweden through Nettbuss Sverige AB, and has been active in that market since 1 January 2002. Nettbuss Sverige AB owns the subsidiaries Nettbuss AB, Nettbuss Express AB, Nettbuss Transfer AB, Nettbuss Stadsbussarna AB og Team Verkstadcenter AB, as well as two sub-subsidiaries. The Swedish Group had a turnover of 1.3 billion NOK in 2014. Nettbuss entered the Danish market in 2005 and the operations are carried out through Nettbuss Danmark AS. In 2007 Nettbuss won a tender for the running of the bus line 5A in Copenhagen. It is the largest in northern Europe with approximately 70,000 passengers each day. Nettbuss took over the operation of this route on 21 October 2007. Nettbuss Danmark AS operations were, as at 1 January 2014, merged with Keolis operations in Denmark. The merger was completed by the sale of shares in Nettbuss Danmark AS to Keolis Denmark, where Nettbuss then bought 25 per cent. of the shares in Keolis Denmark. Nettbuss is now a 25 per cent. owner in the new company, which is the second largest bus operator in the Danish market.

In the White Paper, no changes have been proposed to the ownership of Nettbuss.

Rail Freight Traffic (CargoNet Group)

CargoNet AS, established in 2002, is responsible for the operation of NSB's rail freight services in Norway and is 100 per cent. owned by NSB. The direct operations in Sweden through CargoNet AB were

discontinued in the beginning of 2012. CargoNet AB's former inland activities in Sweden are now partly carried out through a 40 per cent. ownership in Real Rail AB. On 1 June 2013 the operation of freight terminals in Norway was allocated to Railcombi AS a 100 per cent. owned subsidiary of CargoNet AS. The freight train operations have been strongly affected by the recent global economic downturn and increased competition from other rail operators and especially road transport. The negative development is also a result of difficult weather conditions and infrastructure problems with reduced punctuality. Operating income decreased by 3.6 per cent to NOK 1,032 million in 2014. Operating loss for the freight train operations was NOK 90 million in 2014.

The activities in CargoNet AS are focused on container transports. There has been a considerable increase in the volume of transported twenty foot equivalent units ("TEUs")⁷ on rail in Norway from 2002 to 2008 then a fall in volume from 2009 due to the economic downturn and competition from road transport.

Thousand TEU (Norway) 2010-2014

NOK Millions				
2010	2011	2012	2013	2014
469	460	436	395	376

In the White Paper, no changes have been proposed for to the ownership of CargoNet.

Access Charges

In contrast to the passenger traffic divisions, Rail Freight Traffic has historically been required to pay access charges to Jernbaneverket for use of the track, but from January 2006 access charges were removed by the authorities. The Norwegian Parliament may however, review the level of charges each year. Please see further information under "*Recent Developments*" on page 68 below.

Real Estate

The Group's real estate activities were until 1 January 2007 carried out by two of NSB's wholly owned subsidiaries, NSB Eiendom AS and ROM Eiendomsutvikling AS. On 1 January 2007 the two companies were merged and the new company was named ROM Eiendom AS (currently 100 per cent. owned by NSB). Assets and liabilities of the merged company are unchanged.

ROM Eiendom AS owns rail and transport related properties. ROM Eiendom AS also develops commercial property not directly related to the rail activities, and concentrates its business in the Oslo area and the other larger cities in Norway in addition to some specific regional development projects.

All bus-related real estate was previously owned by Nettbuss AS (see above). ROM Eiendom AS has now taken over all of the properties. Approximately half of ROM Eiendom AS's revenues, 65 per cent. are derived from rental income from non-Group entities, with Jernbaneverket as the largest single client.

In connection with the establishment of NSB as a separate legal entity, NSB took over property from the former Norwegian State Railway. There is an on-going process to transfer the legal title of these properties to NSB. Due to the complexity of this process, it may take several years before it is finalised.

In the White Paper it has been proposed that ROM Eiendom AS shall be transferred from NSB to a new infrastructure company to be held directly by the Ministry of Transport in connection with the re-introduction of competition in the Norwegian railway sector as further described under "*Recent Developments*" below

Train maintenance

Train maintenance is operated by Mantena AS ("**Mantena**") which was established in 2002 to continue the maintenance activities of NSB. Mantena maintains the trains for NSB AS, Flytoget AS, Gjøvikbanen AS and CargoNet AS in Norway.

⁷ A TEU is a unit of volume equivalent to that occupied by one ISO twenty-foot container.

Mantena operates in Sweden through the subsidiary Mantena AB which has a workshop and main offices in Helsingborg and maintains trains for Skånetrafiken. The Swedish operation also maintains trains on contract for Østergøtapendelen and Norrtåg in Umeå.

Mantena owns 50 per cent. of TBT AB which maintains the trains used for the Stockholm Underground. Mass Transit Railway (MTR) owns the remaining 50 per cent. of TBT AB. This contract runs until 2017 with an option for extension of 6 years.

The operating income of Mantena was NOK 1,367 million in 2014 (NOK 1,584 million). The operating profit was NOK 47 million (NOK 112 million).

In the White Paper it has been proposed that Mantena shall be transferred out of the NSB group in connection with the implementation of the proposed reform of the Norwegian railway sector.

Support functions

NSB Trafikkservice AS (55 per cent. owned by NSB) was established in 2001 to provide train cleaning services. The rest of the shares in NSB Trafikkservice are owned by ISS Facility Services AS. NSB established its own insurance captive Finse Forsikring AS on 1 December 2001.

Management and Employees of NSB

Board of Directors of NSB

Name	Position	Significant Outside Activity
Kai Henriksen	Chairman	Director – Vinmonopolet AS Danske Capital AS – Board member Fjellinjen AS – Chairman of the Board Delphi Consulting AS – Chairman of the Board Spekter – Board member
Bjarne Borgersen	Deputy chairman	Business consultant Is a board member of a significant number of companies and trusts, including: Oslo Pensjonsforsikring AS – Chairman of the Board Rusånes Fabrikker AS – Chairman of the Board YA Bank AS – Chairman of the Board Norwegian Seafoods Group AS – Chairman of the Board Selvaag Gruppen AS – Chairman of the Board Troms Kraft AS – Board member
Tore Heldrup Rasmussen	Member	Business consultant Is a board member of a significant number of companies and trusts.
Wenche Teigland	Member	Director – BKK Production AS Vestvind Offshore AS – Chairman of the Board Agus Imara AS – Board member BKK Varme AS – Chairman of the Board
Åsne Havnelid	Member	Director general – Norges Røde

Name	Position	Significant Outside Activity
Rolf Jørgensen	Member	Kors LL Det Norske Teatret – Board member Employees representative Jernbanepersonalets sparebank – Board member Jernbanepersonalets Forsikring Gjensidig – Board member
Audun Sør-Reime	Member	Employees representative
Jan Audun Strand	Member	Employees representative

The address of the Board is Schweigaards gate 23. 0191 Oslo, Norway.

Management of NSB and subsidiaries:

Name	Position	Significant Outside Activity
Geir Isaksen	Chief Executive Officer	Yara International ASA – Board member Arbeidsgiverforening Spekter – Board member
Tom Ingulstad	Director of Pass. Trains	Norges Togoperatørforening – Deputy chairman
Kjell Haukeli	Chief Financial Officer	None
Arne Veggeland	General Manager Nettbuss AS	NHO Transport – Board member
Arne Fosen	General Manager CargoNet AS	Forum for reiseliv – Board member
Erik Storhaug	General Manager NSB Gjøvikbanen AS	None
Mats Gustafsson	General Manager Svenska Tågkompaniet AB	Samtrafiken i Sverige AB – Board member Branschföreningen tågoperatörerna AB – Board member
Tomm Bråten	General Manager Mantena AS	None
Petter Eiken	General Manager ROM Eiendom AS	Eiendomskunnskap Holding AS – Chairman of the Board Senter for Eiendomsfag AS – Chairman of the Board NE Kunnskap AS - Chairman of the Board Totaltek Tekniske AS – Chairman of the Board
Marianne Hillestad	NSB Trafikkservice AS	None

Name	Position	Significant Outside Activity
Karin Bondensson	General Manager Forsikring AS	Finse None

The address of the Management of NSB is Schweigaards gate 23. 0191 Oslo, Norway.

Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

Employees

As at 31 December 2014 the Group had a total of 12,962 employees.

Environmental Policy

NSB has a pro-active environmental policy and is committed to responsible environmental management. It has formulated an environmental programme and publishes annual environmental accounts.

Material Litigation

The Issuer is currently not involved in any material litigation.

Recent Developments

Proposed reform of the Norwegian railway sector

On 12 May 2015 the Ministry of Transportation published the White Paper describing the proposed reform of the Norwegian railway sector (the "**Reform**"). The Reform entails a partial liberalisation of the railway sector by opening up the passenger railway services for competition as well as changes to the organisational structure of the sector.

The Reform is expected to result in changes in the operations and structure of the Issuer. The expected main impact of the proposed Reform is outlined below.

Liberalisation of passenger railway services

As further described in section *Public procurement* above, the Issuer has entered into a Public Procurement Agreement under which the Government purchases services on various routes from NSB. NSB currently enjoys a near-monopoly on passenger rail traffic in the Norwegian market. It has been proposed by the Ministry of Transport that the Public Procurement Agreement, upon expiration, will be replaced by a new Public Procurement Agreement which will open up for gradual introduction of competition through competitive tenders. It has been indicated that the first tenders could be announced in 2016/2017.

Transfer of ownership to rolling stock

The Issuer is currently the owner of the rolling stock employed in its rail operations. To secure low barriers to entry and to compete within Norwegian passenger rail transport, the Ministry of Transport has proposed to transfer the passenger rail rolling stock to a new infrastructure or maintenance entity to be established by the Ministry of Transport. The intention is to make the rolling stock available for the companies who win tenders to operate routes that are opened for competition. The White Paper does not include any indication of when or in what manner the transfer of ownership to the rolling stock will be affected.

Divestment of Group subsidiaries

As a part of the Reform, it has been proposed that the wholly owned subsidiaries of the Issuer, Mantena AS and ROM Eiendom AS, shall be divested out of the Group. Mantena AS (which as at 31 December 2014 constituted approximately 2 per cent. of the consolidated book assets of the NSB Group) currently

operates the train maintenance activities of the NSB Group, and has been proposed to be held directly by the Ministry of Transport. It is furthermore proposed that ROM Eiendom AS (which as at 31 December 2014 constituted approximately 29 per cent. of the consolidated book assets of the NSB Group) shall be transferred to a new infrastructure entity to be held directly by the Ministry of Transport.

Other implications of the proposed Reform

It is currently also being considered by the Ministry of Transport whether the sales and ticketing solutions and the strategic route planning shall be transferred out of NSB and to the new infrastructure company and the Directorate (as defined below), respectively.

Furthermore, the introduction of access charges both for passenger rail and freight rail transport has been proposed. At the same time the introduction of an arrangement that will secure the train companies certain compensation in the event that the infrastructure is not available as planned, and to also require railway operators to compensate the infrastructure company if they cause delays for other train operators has been proposed.

Today NSB does not have any responsibilities in relation to the rail infrastructure, which is currently being managed by Jernbaneverket (*the National Rail Administration*). The Ministry of Transport is also proposing changes to this part of the railway sector inter alia by establishing parts of today's Jernbaneverket as a state enterprise and establishing a new Directorate that will be responsible for regulatory functions.

Timing/schedule

The Reform was approved by the Norwegian Parliament on 15 June 2015. However, the further scope and details of the implementation of the Reform are not yet known.

While the White Paper emphasizes that it will take long-term and extensive efforts to implement the Reform, the Ministry of Transport intends to commence implementation as soon as possible. As for any necessary amendments of existing laws and regulations, the Ministry of Transport is aiming for a comprehensive proposal for the necessary changes during the first half of 2016.

Other recent developments

The annual general meeting of NSB on 27th May 2015 approved a dividend for the 2014 accounting year of NOK 753 million to be paid in 2015.

Material Contracts

Neither the Issuer nor any of its subsidiaries have entered into any contracts outside of the ordinary course of business that have had or may reasonably be expected to have a material effect on their business or that could result in the Issuer or any of its subsidiaries being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders in respect of Notes being issued.

Taxation

The following is a general description of certain Norwegian and Luxembourg tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their tax advisers as to which countries' tax laws could be relevant and the tax laws of Norway and Luxembourg of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Norway

Payments of principal and interest on the Notes to persons who have no connection with Norway other than the holding of Notes and those not resident in Norway for tax purposes are, under present Norwegian law, not subject to, and may be made without, any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or governmental charges, provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment.

Gains or profits realised on the sale, disposal or redemption of the Notes by persons who have no connection with Norway other than the holding of Notes and those not resident in Norway for tax purposes are not, under present Norwegian law, subject to Norwegian taxes or duties, provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment.

No Norwegian issue tax or stamp duty is payable in connection with the issue of the Notes.

The Notes will not be subject to any Norwegian estate duties provided that, at the time of the death of any holder, such holder is not a Norwegian citizen or resident or has no connection with Norway other than the holding of the Notes and provided that the Notes have not been used in or attached to any business activity operated through a permanent establishment situated in Norway.

Luxembourg

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere.

This overview is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective holders of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of this Base Prospectus, including the effect of any state or local taxes, under the tax laws of Luxembourg and each country of which they are residents.

All payments of interest and principal by the Luxembourg Paying Agent under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg law of 21 June 2005, as amended, implementing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments ("**EU Savings Directive**") and several agreements concluded with certain dependent or associated territories ("**Agreements**") and providing for the possible application of a withholding tax (of 35 per cent. as from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "**residual entities**") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned EU

Savings Directive or Agreement (see, paragraph "*EU Savings Tax Directive*" above). On 18 March 2014, the Luxembourg government submitted to the Luxembourg Parliament the draft Bill no. 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. The Bill was in line with the announcement of the Luxembourg government dated 10 April 2013;

- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 10 per cent. final withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management of their private wealth) on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005, as amended, implementing the EU Savings Directive) paid by a paying agent within the meaning of the EU Savings Directive;
- (iii) in addition, pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals who are the beneficial owners of savings income paid by a paying agent within the meaning of the EU Savings Directive established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, can opt to self declare and pay a 10 per cent. tax on these savings income. This 10 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation

(as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Subscription and Sale

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, DNB Bank ASA, Nordea Bank Danmark A/S, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ) and The Royal Bank of Scotland plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 2 July 2015 (the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Final Terms; Rule 144A eligible if so specified in the relevant Final Terms.

Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States 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 Notes, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to or for the account or benefit of U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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 forty days after the commencement of the offering of Notes comprising any Tranche, any 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 if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act (if available).

United Kingdom

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

- (1) *No deposit-taking*: in relation to any Notes having 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:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

- (B) 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;

- (2) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (3) *General compliance*: 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.

Kingdom of Norway

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Notes (if required) and the Base Prospectus have been approved by the Financial Supervisory Authority of Norway, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Norway or to residents of Norway, other than to persons who are professional investors (as defined in the Norwegian Securities Trading Regulation of 29 June 2007 no. 876) or pursuant to another exemption from the obligation to prepare an offering prospectus as described in the Norwegian Securities Trading Act 2007, section 7. Furthermore, no Notes may be offered in Norway or, if the relevant Notes are denominated in NOK, to residents of Norway, unless the Issuer has confirmed that the Notes have been registered in the Norwegian Central Securities Depository (the "VPS").

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

General

With the exception of the approval by the CSSF of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in a supplement to this Base Prospectus.

General Information

1. Application has been made to list Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list and the regulated market of the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

2. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 21 April 1999. The 2015 update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 27 April 2015. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto.
4. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of VPS is Biskop Gunnerusgate, 14A, NO-0185, Oslo, Norway. The address of any alternative clearing system(s) will be specified in the relevant Final Terms.
5. Bearer Notes (other than Temporary Global Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a Bearer Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
6. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.
7. There has been no material adverse change in the prospects of the Issuer since 31 December 2014. There has been no significant change in the financial or trading position of the Issuer since 30 April 2015.
8. The consolidated financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2014 have been audited and prepared in accordance with IFRS.

The consolidated financial statements of the Issuer as at and for the year ended 31 December 2014 have been audited by independent accountants Deloitte AS, whose regulated address is Dronning Eufemias gate 14 0141 OSLO, Norway. Deloitte AS is a member of the Norwegian Institute of Public Accountants.

9. For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents are available free of charge during normal business hours at the specified office of the Principal Paying Agent, the Registrar and any Transfer Agent and at the specified office of the Paying Agent in Luxembourg, namely:
 - (a) the Agency Agreement;

- (b) the Trust Deed;
- (c) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form or to be held under the New Safekeeping Structure);
- (d) the constitutive documents of the Issuer;
- (e) the most recently publicly available audited consolidated financial statements of the Issuer beginning with such financial statements for the financial years ended 31 December 2014 and 31 December 2013 and the most recently publicly available interim financial statements of the Issuer;
- (f) a copy of this Base Prospectus, together with any supplement to this Base Prospectus or further Base Prospectus; and
- (g) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders.

This Base Prospectus, and in the case of any Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms, will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

10. The Trust Deed provides that the Trustee may rely on certificates or reports from the Issuer's auditors and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Issuer's auditors or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the auditors or such other expert.
11. 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.
12. The Issuer confirms that information sourced from a third party has been accurately reproduced in this Base Prospectus. So far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
13. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may

also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE ISSUER

Norges Statsbaner AS
Schweigaards gate 23
N-0191 Oslo
Norway

DEALERS

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

DNB Bank ASA
Dronning Eufemias gt. 30
N-0191 Oslo
Norway

Nordea Bank Danmark A/S
Christiansbro
Strandgade 3
DK-1401 Copenhagen K Denmark

Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden

Svenska Handelsbanken AB (publ)
S-106 70 Stockholm
Sweden

Swedbank AB
Large Corporates & Institutions, Credit Sales or
Legal
SE-105 34 Stockholm
Sweden

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
England

AUDITORS

Deloitte AS
Dronning Eufemias gate 14
0141 OSLO, Norway

THE TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL

PAYING AGENT AND REGISTRAR

CACEIS Bank Luxembourg
5 Allée Scheffer
L-2520 Luxembourg

LEGAL ADVISERS

to the Issuer as to Norwegian law

Wikborg Rein & Co Advokatfirma DA
Kronprinsesse Märthas pl. 1
P.B. 1513 Vika
0117 Oslo
Norway

to the Dealers and the Trustee as to English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, Rue de Gasperich - L-5826 Hesperange
Luxembourg