

General terms and conditions for Austrian government bonds

Interest Payment

Interest (act./act.) is paid on the nominal value per annum, payable annually in arrears. The interest payment period of the bonds begins on the first day of the term of the bond and ends on the day before the redemption date. The interest payment is effected via the banks holding accounts for this purpose.

Redemption

The bonds are redeemed on the redemption date in their entirety at par. The payment is effected via the banks holding accounts for this purpose.

Termination

Neither the issuer nor the holders of the bonds may terminate the bonds.

Denomination and Form

(not applicable for government bonds of which original tranches were issued before Jan. 1, 1999)

The bonds are issued in nominal values of € 1.000,- and are represented entirely by a global certificate in bearer form. No claim for receiving individual bonds is foreseen. The global certificate is properly signed by the Austrian Federal Financing Agency and is deposited with Oesterreichische Kontrollbank Aktiengesellschaft in its function as Central Securities Depository.

Trustee Investments

The bonds are eligible for use as trustee investments.

Limitation of Claims

Claims for the payment of principal and interest expire after 3 years (in the case of interest) and after 30 years (in the case of the principal) from the relevant date in relation to payment thereof.

Status

The bonds will constitute unsecured, unconditional and unsubordinated obligations of the issuer and will rank pari passu with all other obligations resulting from loan indebtedness of the issuer.

Negative Pledge

The issuer will undertake for the benefit of the bondholders for such period until the principal and all other payments under the Terms and Conditions of the bonds have been made by the Paying Agent:

- a) that it will ensure that the bonds will continue to rank pari passu with all other obligations resulting from loan indebtedness of the issuer and
- b) that it will not provide security for any other obligations resulting from loan indebtedness without simultaneously securing the bondholders equally.

Taxation

(not applicable for government bonds of which original tranches were issued before Jan. 1, 1999)

All payments of principal and interest will be made without deduction for or on account of any present or future taxes or duties, of whatsoever nature, imposed or levied by or within the Republic or any province, municipality or other political subdivision or taxing authority therein or thereof, unless the deduction of such taxes or duties is required by law. In that event, the Republic will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes and Coupons after such deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or, as the case may be, Coupons, in the

absence of such deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:

a) In the Republic of Austria; or

b) where such deduction would not be required if the holder or any person acting on his behalf had presented the requested form or certificate or had made the requested declaration of non-residence or similar claim for exemption upon the presentation or making of which that holder would have been able to avoid such deduction; or

c) by or on behalf of a holder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic other than the mere holding of the Note or Coupon, or

d) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 days.

Bond Stripping

The stripping of partial debentures of bonds, specifically designated for this purpose by the issuer, into the capital and interest coupons according to the conditions of the strip programme for government bonds, is possible.

Reopening of Issues

Single bonds may be reopened later on.

Stock Exchange Listing and Eligibility as Collateral

The bonds will be listed at least in the Official Market at the Vienna Stock Exchange at the earliest date possible. An application for inclusion in the list of assets eligible for use as tier 1 collateral in ESCB credit operations will be made.

Announcements

All announcements will be valid if published in the "Amtsblatt zur Wiener Zeitung". The holders of the bonds will be deemed to have been notified of the content of any such notice.

Principal Paying Agent

Oesterreichische Kontrollbank Aktiengesellschaft.

Applicable Law

Austrian Law.