

15. März 2012

ASFINAG

Autobahnen- und Schnellstrassen-Finanzierungs-



FINANZMARKTAUFSICHT
Abt. III/1. Markt- und Börsenaufsicht
1090 Wien, Otto-Wagner-Platz 5

Aktiengesellschaft

(incorporated with limited liability in the Republic of Austria)

€12,000,000,000

Guaranteed Euro Medium Term Note Programme

Guaranteed by the Republic of Austria

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the "Programme"), Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft ("ASFINAG" or the "Issuer"), subject to compliance with all relevant laws, regulations and directives (including but not limited to the laws of the United Kingdom and Austria (such as the Austrian Capital Markets Act or Austrian Stock Exchange Act)), may from time to time issue Guaranteed Euro Medium Term Notes (the "Notes") guaranteed by the Republic of Austria (the "Guarantor"). The aggregate nominal amount of Notes outstanding will not at any time exceed €12,000,000,000 (or the equivalent in other currencies).

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. This Prospectus is issued to update, amend and restate, and supersedes, the prospectus dated 21 December 2009 relating to the Programme and has been approved by the Austrian Financial Market Authority (the "FMA") in its capacity as competent authority under the Austrian Capital Markets Act. Application has been made for the Programme to be admitted to (1) the "Amtlicher Handel" (Official Market) and the "Geregelter Freiverkehr" (Second Regulated Market) of the Wiener Börse AG (the "Vienna Stock Exchange") and for Notes issued under the Programme for the period of 12 months from the date of publication of this Prospectus to be admitted to trading on (1) the Official Market or the Second Regulated Market of the Vienna Stock Exchange and (2) the regulated market of the Luxembourg Stock Exchange (together, the "Markets"). The Markets are regulated markets for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Markets or on other regulated or unregulated markets or other stock exchanges. Unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on the Markets (or any other market and/or stock exchange).

Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche of Notes (as defined in "Description of the Programme - Method of Issue") to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of registered notes of one Series. Registered notes issued in global form will be represented by registered global certificates ("Global Certificates"). If a Global Certificate is held under the New Safekeeping Structure (the "NSS"), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository") or with Oesterreichische Kontrollbank Aktiengesellschaft ("Oesterreichische Kontrollbank") or a depository for Oesterreichische Kontrollbank.

The provisions governing the exchange of interests in Global Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated by Moody's Deutschland GmbH ("Moody's") and by Standard & Poor's Credit Market Services Europe Limited (Niederlassung Deutschland) ("Standard & Poor's"). The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009, on credit rating agencies (the "CRA Regulation") as having been issued by Moody's and Standard & Poor's. Moody's and Standard & Poor's are established in the European Union and registered under the CRA Regulation. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Prospectus contemplates that Notes may be admitted to trading on a regulated market or offered to the public in a Member State of the EEA. In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area (the "EEA") or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "Prospectus Directive"), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.

The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to section 8a of the Austrian Capital Markets Act.

Arrangers for the Programme

Deutsche Bank

Raiffeisen Bank International AG

Dealers

BAWAG P.S.K.

BNP PARIBAS

Citigroup

Crédit Agricole CIB

Credit Suisse

Deutsche Bank

Erste Group

HSBC

J.P. Morgan

Morgan Stanley

Nomura

Raiffeisen Bank International AG

UBS Investment Bank

UniCredit Bank Austria

Dated 15 March 2012

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Issuer’s subsidiaries and affiliates taken as a whole (the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes.

The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

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

or, if different, the date indicated in the document containing the same. This Prospectus may only be used for the purposes for which it has been published.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

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

To the fullest extent permitted by law, no Dealer or Arranger accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. The Arrangers and the Dealers have not separately verified the information contained in this Prospectus. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

In connection with the issue of any Tranche (as defined in “Description of the Programme - Method of Issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms 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 any person acting on behalf of any 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 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules (including but not limited to the laws of the United Kingdom and Austria (such as the Austrian Capital Markets Act or Austrian Stock Exchange Act)).

In this Prospectus, unless otherwise specified or the context otherwise requires, references, to “¥” and “JPY” are to Japanese yen, to “CHF” are to Swiss francs, to “£”, “GBP”, “Sterling” or “pounds” are to

pounds sterling and to “€”, “EUR”, “Euro” and “euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended from time to time.

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer and the Group for the financial years ended 31 December 2009 and 2010 (together in each case with the audit report thereon) which have been previously published or are published simultaneously with this Prospectus and which have been filed with the FMA. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the specified offices of each of the Paying Agents and the Issuer during normal business hours, or at <http://www.asfinag.at/investor-relations>, at least for a period of 12 months from the date of publication of this Prospectus.

For ease of reference, the tables below set out the relevant page references for the financial statements, the notes to the financial statements and the auditors' reports of the Issuer and the Group for the year ended 31 December 2009 as set out in the Issuer's 2009 Annual Report and Consolidated Financial Statements and for the year ended 31 December 2010 as set out in the Issuer's 2010 Annual Report and Consolidated Financial Statements. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only.

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SUPPLEMENTARY PROSPECTUS

The Issuer (i) is obliged under Section 6 of the Austrian Capital Markets Act (the “CMA”) to produce a supplement to the Prospectus between the time when this Prospectus is approved and the final closing of an offer to the public or, as the case may be, the time when trading on a regulated market begins and (ii) has given an undertaking to the Dealers that, in each case, 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 Prospectus which is capable of affecting the assessment of any Notes to be offered or listed under this Prospectus whose inclusion in this Prospectus or removal is necessary for the purpose of allowing an investor to make 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 shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

RISK FACTORS

The Issuer is of the opinion that the following factors may affect its financial or other condition, its ability to fulfil its obligations under Notes issued under the Programme and its ability to pay interest, principal or other amounts on or in connection with any Notes. All of these factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer is of the opinion that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes, as a result of which the investors could lose some or all of their investment in the Notes, for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under or in connection with the Programme

Risk of the Republic of Austria not being able to meet guarantee obligations

ASFINAG benefits from a statutory guarantee by the Republic of Austria (rated "AA+" by Standard & Poor's, "Aaa" by Moody's, and "AAA" by Fitch Ratings Limited) which is contractually implemented by the Master Guarantee (see page 53 below for a description of the Master Guarantee) and is unconditional, direct and irrevocable. The risk of ASFINAG being unable to fulfil its financial obligations under the Notes is the risk that the Republic of Austria cannot meet this guarantee obligation.

Risk of the Issuer being affected by negative developments in the financial or economic environment or other risks inherent to the Issuer.

Adverse developments in global economic and financial market conditions or within the legal framework of the Issuer's activities may have a negative impact on the performance of the Issuer. In particular, during 2008 and early 2009, global credit markets tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to various other areas. This has resulted in the failure and/or the nationalisation of several large financial institutions in the United States, the United Kingdom and other countries, including Austria. Additionally, credit risks may continue to be greater and more pervasive than previously thought. The functioning of financial markets has also become increasingly impaired and financial volatility has increased substantially. If the disruptions in the international capital markets experienced in 2008-2009 should recur, or other more severe disruptions occur and liquidity decreases, the Issuer's business, financial conditions and operations could be adversely affected.

In particular, the following risks may affect the Issuer and its ability to pay principal, interest or other amounts:

Financial Risk

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or

economic sectors have led, in the past, and could lead in the future to sharp declines in the currencies, stock markets and other asset prices, in turn threatening affected financial systems and economies.

Overall funding costs may rise significantly due to investors requiring higher premiums for their bonds or due to increases in interest rates, which could adversely affect the Issuer.

As to the Issuer's foreign currency risk, volatile interest rate movements could adversely impact the valuation of the Issuer's existing liabilities, which could negatively affect the Issuer's financial results.

Third parties that owe the Issuer debts or other obligations may not pay or perform their obligations due to bankruptcy, illiquidity, operational failure or other reasons. The Issuer's results could be affected by such counterparty risk.

Sales Risk

Traffic frequency may fall as a result of a general economic crisis, which may have a negative impact on the Issuer's toll revenue.

Additionally, adverse economic conditions may impact other costs of the Issuer, such as construction costs.

Industry-specific and Regulatory Risk

The legal and regulatory requirements relating to construction have a marked influence on the cost to and capital of the Issuer due to the Issuer's involvement in high levels of construction. One important factor in this regard is the legal requirements relating to environmental protection measures. As the level of environmental protection measures are already comparatively high, it is not anticipated that any further tightening of these requirements will be required.

Operational Risk (IT systems)

The Issuer is increasingly dependent on highly sophisticated information technology ("IT") systems. IT systems are vulnerable to a number of problems, such as computer virus infection, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. Additionally, further operational risks may stem from inadequate or failed internal processes, people and systems or from external events. Failure to manage such risks may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme.

Labour Force and Turnover Risk

The Issuer's success depends on the ability and experience of its senior management and specialist staff. The loss of key employees could have a material adverse effect on the Issuer's capabilities and performance levels.

Risks relating to building and maintenance activities of the Issuer

The Issuer is responsible for planning, construction and maintenance of Austria's high ranking road network. The costs related to these tasks can exceed those anticipated due to unforeseen circumstances such as new regulations regarding building activities, approval procedures taking longer than expected, additional planning modifications, unexpected soil properties or incidents like fire and natural disasters. The Issuer's results could be negatively affected by such higher costs.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risk of Notes not being a suitable investment for all investors

Each potential investor in any 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this 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 relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to an investor's overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio, the risk being that such Notes which are complex financial instruments could under certain circumstances negatively affect the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Risk of Notes being subject to optional redemption by the Issuer

The Programme provides for certain optional redemption features, including Early Redemption, Redemption for Taxation Reasons and Redemption at the Option of the Issuer (see “Terms and Conditions of the Notes – Redemption, Purchase and Options”). An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed, which may be lower than may have been the case were the Notes not subject to such optional redemption. This also may be true prior to any redemption period.

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

Risks relating to Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that the following factors may affect the performance of such Notes and may result in such Notes negatively affecting the potential investor’s overall investment portfolio:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Risk of failure to pay instalment for Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment on issue and then at a subsequent date. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Risk of higher volatility for Variable Rate Notes with a multiplier or other leverage factor

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

Risk of higher volatility for Inverse Floating Rate Notes

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

Risk of conversion for Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such 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, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate 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, the fixed rate may be lower than then prevailing rates on its Notes.

Risk of higher volatility for Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal 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.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Risk of Modification and waivers being implemented by defined majorities

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.

Risk of the adoption of a withholding tax system pursuant to the EU Savings 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 similar income) paid by a person within its jurisdiction to an individual or certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The risk being that as a result, a holder of Notes may find that tax is withheld on payments made on such Notes.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a

result of the imposition of such withholding tax. However, the Issuer is required, as provided in Condition 7(e) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Risk of Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact on the relevant Notes or a holder thereof of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Risk of holding Notes having Integral multiples of less than €100,000

Although Notes which are admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive are required to have a minimum Specified Denomination of €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), it is possible that the Notes may be issued in the denomination of €100,000 plus integral multiples of €1,000 in excess thereof (up to €199,000) (or the equivalent in another currency). In such a case, should definitive Notes be required to be issued, Noteholders who hold Notes in amounts that are not integral multiples of a Specified Denomination may not receive a definitive Note in respect of such holding and would need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Risk of the prescription periods set out in the Conditions being different from prescription periods established under the applicable laws

This Prospectus provides that claims against the Issuer for payment in respect of the Notes, Receipts and Coupons shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest). Claims against the Guarantor under the Master Guarantee shall be prescribed and become void unless made within three years. Noteholders should be aware that these prescription periods may differ from any prescription periods established under the applicable laws (English or Austrian law).

Risks related to the market generally

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

Risk of illiquidity of secondary market generally for Notes

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

Risk of negative effects resulting from Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that

exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risk of changes in interest rates

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

Risk of Credit ratings not reflecting all risks

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

Risk of Legal considerations restricting certain investments

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

Risk of suspension of trading

In the event that trading on any Market on which Notes may be listed is suspended, this may affect the ability of Noteholders to trade in the Notes.

Risk of rating downgrade

In the event that the rating assigned to the Issuer, the Guarantor, or any Series of Notes is downgraded by the relevant rating agency, this may affect the market value of Notes held by an investor.

Risk relating to the global economy and financial markets crisis

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability. The instability has affected the "real economy" (that is, the non-financial sector) of both advanced and emerging economies. The instability has also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets. There can be no assurance that the steps taken by various governments to ameliorate the global financial crisis will be successful or that the global financial crisis will not worsen. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions to limit the

impact of the crisis will be successful and that they will not instead lead or contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes. In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

DESCRIPTION OF THE PROGRAMME

The following description of the Programme is qualified in its entirety by the remainder of this Prospectus.

This description of the Programme is not a summary within the meaning of the Prospectus Directive and does not contain all of the information required to be given in such a summary. This description highlights selected information from the Prospectus but prospective investors should read the entire Prospectus before making an investment decision.

Issuer:	Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft
Guarantor:	Republic of Austria
Description:	Guaranteed Euro Medium Term Note Programme
Size:	Up to €12,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arrangers:	Deutsche Bank AG, London Branch Raiffeisen Bank International AG
Dealers:	BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Erste Group Bank AG HSBC Bank plc J.P. Morgan Securities Ltd. Morgan Stanley & Co. International plc Nomura International plc Raiffeisen Bank International AG UBS Limited UniCredit Bank Austria AG
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	Deutsche Bank AG, London Branch
Paying Agents:	Credit Suisse AG Deutsche Bank AG, London Branch

Deutsche Bank Luxembourg S.A.
Oesterreichische Kontrollbank Aktiengesellschaft

Method of Issue:

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the “Final Terms”).

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes:

The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

Clearing Systems:

Clearstream, Luxembourg, Euroclear and Oesterreichische Kontrollbank and in relation to any Tranche, such other major clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer (the “Alternative Clearing System”) (including, but not limited to, a situation where Clearstream, Luxembourg, Euroclear or Oesterreichische Kontrollbank are closed for business or announce an intention to permanently cease business).

Initial Delivery of Notes:

On or before the issue date for each Tranche, if the relevant

Global Note is an NGN, or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN, or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with Oesterreichische Kontrollbank. Global Notes or Global Certificates relating to Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives (including but not limited to the laws of the United Kingdom and Austria (such as the Austrian Capital Markets Act or Austrian Stock Exchange Act)), Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Maturities:

Subject to compliance with all relevant laws, regulations and directives (including but not limited to the United Kingdom and Austria), any maturity.

Specified Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that in the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Final

Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes:

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

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Interest Periods and Interest Rates:

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

Redemption:

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption by Instalments:

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

Other Notes:

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

Optional Redemption:

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

Status of Notes:

All Notes and the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in “Terms and Conditions of the Notes — Guarantee and Status”.

Negative Pledge:

See “Terms and Conditions of the Notes — Negative Pledge”.

Cross Default:	None.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Republic of Austria and of Luxembourg, unless the withholding is required by law. In such event, the Issuer or the Guarantor shall, subject to customary exceptions (including the ICMA Standard EU tax exemption tax language), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in “Terms and Conditions of the Notes — Taxation”.
Governing Law:	English. The Master Guarantee is governed by Austrian law.
Listing and Admission to Trading:	Application has been made to admit the Programme to the Amtlicher Handel (Official Market) and the Geregelter Freiverkehr (Second Regulated Market) of the Vienna Stock Exchange and to list Notes issued under the Programme on the Official Market or Second Regulated Market of the Vienna Stock Exchange and to admit them to trading on those markets. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market or such other exchange as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Ratings:	The Programme has been rated by Moody’s and Standard & Poor’s. Tranches of Notes (as defined in “Description of the Programme”) will be rated or unrated. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by Moody’s and Standard & Poor’s. Moody’s and Standard & Poor’s are established in the European Union and registered under the CRA Regulation. All Tranches of Notes outstanding as of the date of this Prospectus are rated “AA+” by Standard & Poor’s Credit Market Services Europe Limited (Niederlassung Deutschland) and “Aaa” by Moody’s Deutschland GmbH. Such rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating assigned to Notes already issued under the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European

Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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 the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

The United States, the Public Offer Selling Restrictions under the Prospectus Directive, the United Kingdom, Japan, France and Switzerland. See “Subscription and Sale”.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163- 5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163- 5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the “Conditions” and each a “Condition”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated agency agreement dated 15 March 2012 between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it (as amended or supplemented from time to time, the “Agency Agreement”) and with the benefit of a Deed of Covenant dated 25 September 2006 executed by the Issuer, (as amended or supplemented from time to time, the “Deed of Covenant”) and the one or more Master Guarantee(s) (from time to time, the “Master Guarantee”) executed by the Guarantor. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions “Tranche” means Notes which are identical in all respects.

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

1 Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

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

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a

holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

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

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

(d) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Exchange Free of Charge**

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

(f) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An

Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Guarantee and Status

(a) **Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, Receipts and Coupons. Its obligations in that respect (the “Guarantee”) are contained in the Master Guarantee.

(b) **Status of Notes and Guarantee**

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Master Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4 Negative Pledge

(a) **Restriction**

So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement):

- (i) the Issuer will not create any charge on its present or future property, assets or revenues to secure obligations arising from note issues (including any future guarantees given in respect of such obligations) without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement). As used in this Condition 4, “note issues” means any indebtedness, present or future, represented by notes or other securities which are, or are to be, quoted, listed or traded on any stock exchange or over-the-counter or securities market;
- (ii) the Guarantor shall not create or permit to subsist any charge, pledge, encumbrance or other security interest in respect of any loan or bond indebtedness resulting from financial debts unless, at the same time or prior thereto, all amounts payable in respect of the Notes, Receipts and Coupons are secured equally and rateably therewith.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition (h).

(b) **Interest on Floating Rate Notes and Index Linked Interest Notes**

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition (h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

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

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00

a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Zero Coupon Notes**

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

(d) **Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest**

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

(g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**

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

(h) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early

Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of 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 Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Definitions**

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

“Business Day” means:

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

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

- (i) if “Actual/Actual” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360

- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and “D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30.

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (vii) if “Actual/Actual-ICMA” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“Euro-zone” means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community, as amended

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

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified

hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

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

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

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

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

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

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

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon

“Reference Rate” means the rate specified as such hereon

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon

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

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(k) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other

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

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and

payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of Austria or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the agreement to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent 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 an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be

fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on the Vienna Stock Exchange and the rules of the Vienna Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Austria a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) **Redemption at the Option of Noteholders**

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

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

(f) **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) **Purchases**

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation**

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

7 Payments and Talons

(a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of

principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below. Where and for so long as the Registered Notes are listed on the Luxembourg Stock Exchange, such payments of principal shall only be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent in Luxembourg.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

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

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

(d) **Payments Subject to Fiscal Laws**

All payments are subject in all cases to any applicable laws, regulations and directives (including but not limited to the laws of the United Kingdom and Austria (such as the Austrian Capital Markets Act or Austrian Stock Exchange Act)), but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and as far as payments under the Master Guarantee are concerned, the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the

Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Vienna) so long as the Notes are listed on the Vienna Stock Exchange, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 with, or introduced in order to conform to, such Directive.

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

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

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

- (i) Upon the due date for redemption, Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

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

(h) **Non-Business Days**

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

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

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Austria or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to:

- (a) Bearer Notes, Coupons or Receipts presented for payment:
 - (i) in the Republic of Austria; or
 - (ii) 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
 - (iii) by or on behalf of a holder who is liable to such taxes or duties in respect of the Notes, Coupons or Receipt by reason of his having some connection with the Republic of Austria other than the mere holding of such Note, Coupon or Receipt; or

- (iv) more than 30 days after the Relevant Date endorsed on the Notes 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; or
 - (v) where such deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (vi) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Notes or Coupons to another Paying Agent in a Member State of the European Union.
- (b) Registered Notes:
- (i) if the Certificate in respect of such Registered Note is required to be surrendered and is surrendered in the Republic of Austria; or
 - (ii) 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
 - (iii) to a holder (or to a third party on behalf of a holder) where such holder is liable to such taxes or duties in respect of such Registered Note by reason of his having some connection with the Republic of Austria, other than the mere holding of such Registered Note or the receipt of the relevant payment in respect thereof; or
 - (iv) if the Certificate in respect of such Registered Note is required to be surrendered and is surrendered 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; or
 - (v) where such deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due, but if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been given to Noteholders in accordance with Condition 14. References in these Conditions to “principal” shall be deemed to include Amortised Face Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and any premium payable in respect of the Notes and any reference to “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Agency Agreement.

9 Prescription

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

Claims against the Guarantor for payments under the Master Guarantee shall be prescribed and become void unless made within three years from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (“Events of Default”) occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(a) **Non-Payment**

default is made by the Issuer or the Guarantor for more than 30 days in the payment of principal or interest due in respect of any of the Notes or

(b) **Breach of Other Obligations**

default is made by the Issuer or the Guarantor in the performance of any material obligations under the Notes which shall continue for more than 60 days after written notification requiring such default to be remedied shall have been given to the Fiscal Agent at its specified office by any Noteholder or

(c) **Insolvency**

the Issuer becoming bankrupt or insolvent or

(d) **Enforcement Proceedings**

any declaration being made by the Issuer that it is not able to meet its financial obligations or any resolution being passed by the Issuer to apply for judicial composition proceedings with its creditors or an order being made by any competent court for such proceedings; or a receiver, administrator or other similar official in insolvency proceedings being appointed in relation to the Issuer or in relation to a substantial part of its assets; or a distress, execution or other legal process being levied or enforced upon or sued out against a substantial part of its assets and not being discharged within 60 days; or a moratorium being sought or any other compromise or arrangement with its creditors being offered or entered into by the Issuer or

(e) **Winding up**

an order being made or a resolution being passed for winding up or otherwise dissolving the Issuer (otherwise than for the purposes of an amalgamation, reorganisation or reconstruction the terms of which have been approved by Extraordinary Resolution) or

(f) **Guarantee**

the Master Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

11 Meeting of Noteholders and Modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority (being more than 50 per cent.) in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Master Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

(b) Modification of Agency Agreement

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

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

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

otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

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

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). So long as the Notes are listed on the Vienna Stock Exchange and the rules of that exchange so require, such notices will be published in the *Amtsblatt* to the *Wiener Zeitung* (or otherwise as provided by the relevant Austrian laws) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, such notices will be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If Notes are listed on another stock exchange, such notices will be published in a newspaper specified for publication of notices by such stock exchange if the rules of that exchange require such a publication. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

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

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s and the Guarantor’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force

and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

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

17 Governing Law and Jurisdiction

(a) Governing Law

The Notes, the Receipts, the Coupons, the Talons, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with English law.

The Master Guarantee of the Republic of Austria is governed by, and shall be construed in accordance with Austrian law.

(b) Jurisdiction

The Issuer hereby irrevocably submits, for the exclusive benefit of each of the holders of the Notes, Receipts, Coupons and Talons, to the jurisdiction of the courts of England and the competent courts of the Republic of Austria (being at the date hereof the courts of Vienna) for all purposes in relation to the Notes, the Receipts, the Coupons and the Talons provided that such agreement and submission shall not prevent any such proceeding being taken in any other competent courts (except that the reference to such other courts shall not include any courts whose inclusion would otherwise render ineffective the Issuer and the Guarantor's agreement and submission to the jurisdiction of the English courts). Any claims raised by or against Austrian consumers shall be subject to the statutory jurisdiction set forth by the Austrian Consumer Protection Act and the Jurisdiction Act (*Jurisdiktionsnorm*).

The Issuer hereby irrevocably waives any claim that any legal action or proceedings brought in connection with the Notes, Receipts, Coupons and Talons in such courts has been brought in an inconvenient forum and, to the extent that it is legally able to do so, the Issuer waives irrevocably any immunity to which it might otherwise be entitled in proceedings brought before such courts and consents irrevocably and generally in respect of any proceedings arising out of or in connection with the Notes, Receipts, Coupons and Talons to the giving of any relief or the issue of any process in the English courts in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use, except for the equipment of embassies of the Republic of Austria) of any judgment which may be given in such proceedings.

The Guarantor has irrevocably submitted in the Master Guarantee to the jurisdiction of the competent courts of the Republic of Austria (being at the date hereof the courts of Vienna) for all purposes in connection with the Master Guarantee, provided that such submission shall not prevent any such proceedings from being taken in any other competent courts.

The Guarantor hereby waives any claim that any legal action or proceedings brought in such courts has been brought in an inconvenient forum, and to the extent that it is legally able to do so, the Guarantor has irrevocably waived any immunity to which it might otherwise be entitled in proceedings brought before such courts. The Guarantor also hereby consents generally, in respect of any proceedings arising out of or in connection with this Master Guarantee, to the giving of any relief or to the issue of any

process in the competent courts of the Republic of Austria in connection with such proceedings including, without limitation, with regard to the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use except for certain minor property such as the equipment of embassies) of any judgment which may be given in such proceedings.

(c) **Service of Process**

The Issuer appoints the Ambassador for the time being of the Republic of Austria to the Court of St. James's as their authorised agent for the receipt of any writ, judgment or other process in connection with any legal action or proceedings in England and agree that any writ, judgment or other process shall be sufficiently and effectively served on each of them if delivered to the said Ambassador at his official address for the time being in England or in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Delivering the Global Notes or the Global Certificates to the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be deposited on or prior to the original issue date of the Tranche with a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

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

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Description of the Programme-Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
- (ii) if principal in respect of any Notes is not paid when due or

(iii) with the consent of the Issuer

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3 (i) or 3.3 (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes (a) if principal in respect of any Notes is not paid when due or (b) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is an NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes and permanent Global Notes and Global 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 Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN Form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is an NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under an NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of the Issuer's subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders 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 accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal 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 nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is an NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN Nominal Amount

Where the Global Note is an NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above, shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 25 September 2006 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on (i) the Vienna Stock Exchange and the rules of that exchange so require, notices shall also be published in the *Amtsblatt* to the *Wiener Zeitung* or otherwise as provided by relevant Austrian laws or (ii) the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall be published in *the Luxemburger Wort* or on the internet site of the Luxembourg Stock Exchange (www.bourse.lu) or (iii) any other stock exchange and the rules of that stock exchange so require, notices shall also be published in the respective newspaper specified by that exchange.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not specified in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from each issue of Notes by the Issuer under the Programme will be applied by the Issuer for its statutory financing purposes, which include financing, planning, construction, maintenance, tolling and operating of Austria's high ranking road network.

GUARANTEE BY THE REPUBLIC OF AUSTRIA AND METHOD OF ITS USE FOR AN ISSUE OF NOTES

All Notes issued under the Programme will be unconditionally and irrevocably guaranteed by the Republic of Austria. The guarantee of the Republic of Austria in this respect is contained in the Master Guarantee dated 12 March 2012 issued pursuant to Article II Sec 5 ASFINAG Act, Federal Law Gazette No. 1982/591, as amended and the relevant Austrian annual budget act for the year 2012, Federal Law Gazette I 2011/110 (the “Budget Act”). The Master Guarantee is subject to and limited by the maximum threshold (the “Guarantee Allowance”) as authorised by the relevant Budget Act. Notes shall only be issued under the Programme in circumstances where the Republic of Austria’s obligations under the Master Guarantee in respect of such Notes will not exceed the Guarantee Allowance for the relevant budget year and in circumstances where such Notes shall benefit from the relevant Master Guarantee in accordance with the provisions of the relevant Budget Act and the Act on Federal Budgets, Federal Law Gazette 1986/213, as amended. The Master Guarantee is governed by and construed in accordance with Austrian law.

When the Issuer decides to issue Notes under the Programme, it must inform the Ministry of Finance and quote the terms of the proposed issue. Prior to the closing date of such issue, the Ministry of Finance will confirm to the Fiscal Agent that the proposed issue meets all preconditions and is covered by the Master Guarantee. Once such confirmation has been obtained, the Fiscal Agent will be in a position to countersign the Global Notes provided by the Issuer and the Master Guarantee will thereby become effective for such issue.

In the event that the Issuer defaults upon any of its payment obligations under the Notes, the holder of any Note will be able to enforce the Master Guarantee by filing a claim directly against the Guarantor, and will not be required to notify or proceed against the Issuer prior to filing such a claim against the Guarantor.

The Guarantor has no explicit veto rights under the Master Guarantee in relation to modifications or variations of the rights of the Noteholders. However, under the applicable Austrian law such modifications or variations which increase or aggravate the Guarantor’s obligations will only be effective towards the Guarantor with its written consent.

Copies of the Master Guarantee will be available for inspection by Noteholders at the specified office of each Paying Agent.

The Master Guarantee in respect of Notes issued under the Programme from and including 1 January 2012 up to and including 31 December 2012 was signed on 12 March 2012 following the publication of the Budget Act under the authority granted under Article VIII paragraph 1 No. 4 of the Budget Act.

The Master Guarantee, dated 12 March 2012, is reproduced in its entirety in the Schedule hereto and covers the financial year 2012. In the event of any significant change to the form of the Master Guarantee, the Issuer will prepare and publish a supplement to this Prospectus.

ASFINAG

History and Overview

The Infrastructure Financing Act 1997 (Federal Law Gazette I 113/1997) (the “Infrastructure Financing Act”) introduced a complete restructuring of the administration of Austria’s trunk road network and in doing so assigned a key role to Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft (“ASFINAG”), a company limited by shares incorporated with unlimited duration in 1982. ASFINAG is the parent company of the Group. In accordance with the terms of Article II section 1 of the ASFINAG Act, the Republic of Austria owns 100 per cent. of the shares in ASFINAG. The registered office of ASFINAG is Rotenturmstrasse 5-9, A-1011 Vienna, P.O. Box 983 and the telephone number is +43-050108-0.

ASFINAG’s operational business is conducted in close relationship with the Austrian Ministry for Transport, Innovation and Technology (the “Ministry”). ASFINAG’s budgeting proposal for the following business year is submitted to the Ministry and confirmed by the Ministry. As the Republic of Austria is the single owner of ASFINAG, the majority of its Supervisory Board consists of representatives of the Ministry. All business developments and any potential risk factors are regularly reported to the Supervisory Board.

The Republic of Austria is the sole shareholder of ASFINAG. The Republic of Austria may exercise its shareholder’s rights in accordance with Austrian law.

ASFINAG’s defined business area covers:

- the financing, planning, construction, maintenance and operation of Austria’s high-ranking road network;
- the collection of tolls from users of these roads; and
- the servicing of the financial liabilities assumed by ASFINAG.

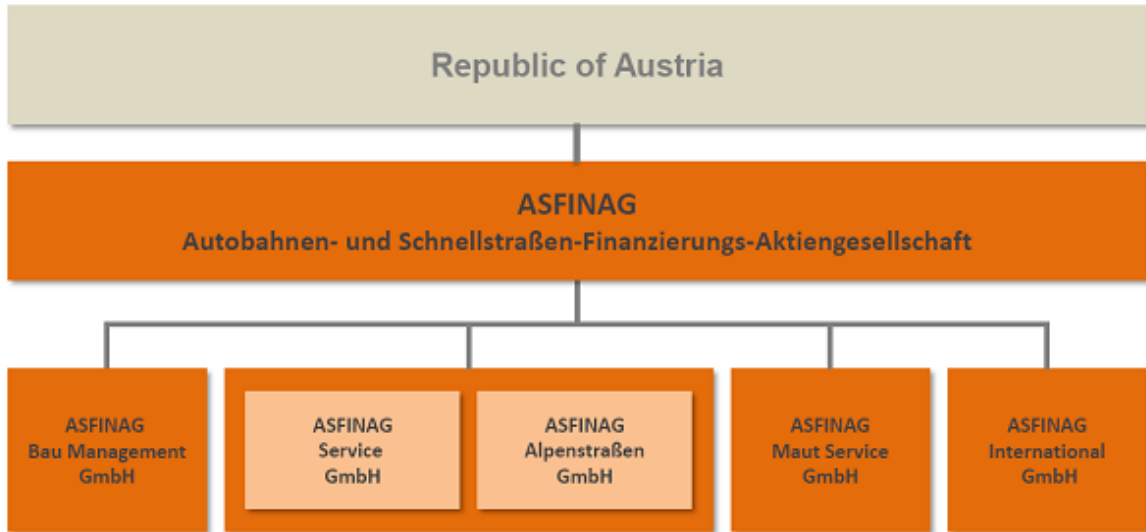
The Republic of Austria has granted ASFINAG the right to collect tolls on the high-ranking road network (pursuant to the usufruct definition according to sections 509ff ABGB (General Civil Law Code)) currently comprising 2,175 kilometres.

Changes were made by the Austrian parliament to the ASFINAG Act in October 2004 which allow ASFINAG to do business outside Austria (subject to approval of the Supervisory Board of ASFINAG). Such changes have also resulted in a budget consensus with the Ministry being based on projected profit and loss and balance sheet figures, rather than pure cost planning.

In pursuit of its business objectives, ASFINAG acts principally through its subsidiaries.

Following the restructuring of the Group in 2004 and 2005, operative tasks (construction, operation, tolling) are now primarily conducted by ASFINAG’s subsidiaries. The Group holding company (ASFINAG) is responsible for Group strategy and control as well as corporate service functions. ASFINAG International (GmbH) is responsible for infrastructure consulting.

ASFINAG – Organisation Chart



Note:

Source: ASFINAG, November 2011

The following table sets out certain financial and other operational information of ASFINAG for the three-year period ended 31 December 2010. Since ASFINAG issues bonds which may be admitted to trading on a number of stock exchanges, it has been required to prepare Consolidated Financial Statements in accordance with the provisions of the International Financial Reporting Standards (IFRS), from 2007 onwards.

	2010 (IFRS)	2009 (IFRS)	2008 (IFRS)
	(Euro Million)		
Total Assets	14,233	13,159	12,470
Equity	2,211	1,872	1,581
Total construction programme costs	753	1,001	1,178
Total revenues (time and distance-based tolls for vehicles)	1,512	1,387	1,516
Revenues from letting / leasing.....	29	35	36

Source: ASFINAG Annual Report 2010, published in April 2011

Operations

Traffic development

The following table sets out information on traffic volumes on motorways and expressways on the ASFINAG network for the periods indicated.

Year	Driving activity in millions of km/year (motorways and expressways) ⁽¹⁾		
	Heavy Goods Vehicles	Vehicles weighing <3.5 tonnes	Total
2010.....	3,027	23,431	26,458
2009.....	2,838	23,097	25,935
2008.....	3,254	23,101	26,355
2007.....	3,261	22,589	25,850

Note:

(1) Basis: Automatic metering points on motorways and expressways.

Source: ASFINAG Annual Report 2010, published in April 2011

Property management

Property Management activities generated revenues for the year ended 31 December 2010 of €29 million.

Truck toll

Since 1 January 2004, a fully-electronic toll system, applicable to motor vehicles with a maximum permitted weight of over 3.5 tonnes, has been in operation in Austria.

ASFINAG received revenues of approximately €1,031 million from the tolls on trucks and coaches in 2010.

Construction and structural maintenance

In the financial reporting period of 2010, ASFINAG's construction projects principally consisted, as in previous years, of new construction measures to close gaps in the network, network expansions, capacity increases, noise and environmental protection measures on the existing network, and finally, structural maintenance measures.

Costs for new construction and expansions amounted to €324 million for the 2010 financial reporting period, representing a 15 per cent. decrease on the previous year's figure of €382 million. The expenditure for structural maintenance of €363 million for the 2010 financial reporting period was 8 per cent. higher than the equivalent figure for 2009 (€336 million).

For 2011, ASFINAG expects investment in new constructions and expansions to be around €249 million and expenditure for structural maintenance of the existing network to be €310 million (the final figures will be published in the annual report 2011 of ASFINAG).

Operational Maintenance

In return for the right to receive the revenues generated by Austria's high-ranking road network, ASFINAG is required to maintain and operate the road network. Of the network's total length of 2,175 km, tunnels account for a total tube length of 340 km and bridges for a total length of 340 km. These are the result of the difficult topographical conditions prevailing in Austria.

Financing

Financial basis and financing sources

The main objective of ASFINAG's financing activities is ensuring sufficient liquidity in order to be able to implement the tasks assigned by its shareholder. These tasks include the expansion and maintenance, operation and efficient tolling of the high-speed road network, which can only be partially financed through operational cash flows. This explains the increase in the level of external borrowing. The optimisation of financing expenses is based on the operational core business of ASFINAG and takes account of the historical nature of the growth in the level of the company's borrowings and the advantages offered by issuing government guaranteed bonds.

In 2010, ASFINAG had a negative financial result of €411 million (2009: €393 million) mainly consisting of debt serving costs for the outstanding liabilities. Redemptions in 2010 (at nominal value) amounted to €1,431 million (2009: €1,923 million) of amortisations (at nominal value).

In 2010, ASFINAG issued a €1,500 million benchmark bond due 2025. ASFINAG did not issue any bonds in 2011.

As of 31 December 2010, equity amounted to €2,211 million (2009: €1,872 million). Financial liabilities (at par value without taking into account the final level of cash funds and prepaid interest) of €10,276 million (2009: €10,207 million) included short-term bank deposits of €190 million. It is expected that planned construction projects will cause a further increase of net new debt within ASFINAG. Therefore, it is an integral part of the company's finance strategy to focus on a sustainable increase in revenues in order to cover interest costs, additional operational costs for new roads as well as imputed costs (obsolescence of roadways).

ASFINAG's revenues are dependent upon the right to collect tolls and road usage levies on the roads within its network granted to it by the Republic of Austria as at 1 January 1997. These tolls and levies constitute ASFINAG's principal source of revenue, supplemented by income from fines in accordance with section 100 of the Road Traffic Act (*Strassenverkehrsordnung – StVO*), by rental and lease payments, and by the granting of special usage rights. The need for any further resources is covered by raising debt from the capital markets.

Over the coming years, this Programme will continue to be ASFINAG's main source of long-term finance. In 2011, no benchmark bond was issued. The funding volume for 2012 will be around €1,500 million.

Financial duties and expenditure

As described above ASFINAG's financial requirements are comprised of expenditure for new construction (including planning), structural maintenance, operational maintenance, operation of the toll system, and the servicing and refinancing of existing liabilities.

Outstanding debt

As at 31 December 2010, the Group's total liabilities amounted to €12,022 million of which €10,933 million were long-term (i.e. exceeding one year).

The assessment of commercial risks, which are based on external market fluctuations, are calculated in the form of "Value-at-Risk" ("V@R") and "Cashflow-at-Risk" ("CF@R") figures and are regularly reported to

the company's executive bodies. Foreign currency liabilities were converted by swap contracts into EUR liabilities with floating interest rate agreements. The resulting V@R is minimal, while the interest fluctuation risk CF@R has increased slightly. The average residual term of ASFINAG liabilities as at 31 October 2011 is approximately 5.65 years, the modified duration is 4.59 years and the average nominal interest rate is approximately 3.89 per cent. per annum.

The following bonds and notes are outstanding:

Bond and Note Issues	Rate	Maturity	Currency	Nominal amount in million
ASFINAG-Notes 2003-2013.....	4¼ per cent.	21 October 2013	EUR	1,500
DEM-Bond 1993-2013.....	6 per cent.	23 December 2013	DEM ⁽¹⁾	314
JPY-Private Placement 1995-2015.....	Floating	5 October 2015	JPY	10,000
JPY-Private Placement 1995-2015.....	Floating	12 October 2015	JPY	10,000
JPY-Private Placement 1995-2015.....	Floating	19 October 2015	JPY	10,000
ASFINAG-Notes 2005-2015.....	3.125 per cent.	6 October 2015	EUR	1,500
ASFINAG-Notes 2007-2017.....	4.50 per cent.	16 October 2017	EUR	1,300
ASFINAG Notes 2008-2014	4.125 per cent.	14 March 2014	EUR	1,000
ASFINAG Notes 2009-2019	4.375 per cent.	8 July 2019	EUR	1,000
USD-Bond 2009-2012	2.00 per cent.	22 October 2012	USD	1,250
ASFINAG Notes 2010-2025	3.375 per cent.	22 September 2025	EUR	1,500

Note:

(1) Now payable in Euro.

Source: ASFINAG, as at the date of this prospectus

Between 1998 and 2003, ASFINAG raised long-term debt primarily in the form of loans granted by the Austrian Federal Financing Agency. The loan capital derives partly from bond transactions which the Austrian Federal Financing Agency entered into on behalf of the Republic of Austria on the international capital markets. With a loan volume totalling €762 million (as of 31 August 2011), the Austrian Federal Financing Agency is one of ASFINAG's most important individual creditors.

Recent Developments

After a sharp decline of 13 per cent. in toll revenues from trucks in 2009, the year 2010 showed clear signs of recovery. Toll revenues from trucks rose by 11.3 per cent. in 2010 in comparison with the previous year. A growth of approximately three per cent. is expected in 2011 (the final figures will be published in the annual report 2011 of ASFINAG).

Revenues from toll stickers and special toll sections proved to be stable even during the global financial crisis of 2008/2009, showing a slight increase from year to year.

In 2010, ASFINAG's construction programme was revised and now comprises investments amounting to €6.5 billion up to 2016. This is a reduction of €2.5 billion from the construction programme prior to the revision.

Construction volume in 2010 accounted for €753 million and is expected to account for €617 million in 2011 (the final figures will be published in the annual report 2011 of ASFINAG). There has been no significant change in the financial or trading position of the Group since 31 December 2010 and no material adverse change in the prospects of ASFINAG since 31 December 2010 which would have a significant impact on the solvency of the Group.

Statutory Framework

ASFINAG is registered in the Companies Register at the Commercial Court of Vienna under number 92191a. Its activities comply with the provisions set out in the ASFINAG Act which established ASFINAG and assigned to it responsibility for financing the planning and construction of federal road sections. In addition, the Usufruct Agreement of 23 June 1997 and 25 July 1997, amended on 20 December 2007, concluded with the Republic of Austria under the Infrastructure Financing Act forms the contractual basis for the activities of ASFINAG.

Management and Employees

The Management Board of ASFINAG currently comprises:

Name, function in ASFINAG	Functions outside ASFINAG
Klaus Schierhackl, Chief Financial Officer	Member of the supervisory board: ASFINAG Alpenstraßen GmbH, 6020 Innsbruck, Member ASFINAG Bau Management GmbH, 1030 Vienna, Deputy Chairman ASFINAG Maut Service GmbH, 5020 Salzburg, Chairman ASFINAG Service GmbH, 4052 Ansfelden, Deputy Chairman
Alois Schedl, Chief Technology Officer	Member of the supervisory board: ASFINAG Alpenstraßen GmbH, 6020 Innsbruck, Chairman ASFINAG Bau Management GmbH, 1030 Vienna, Chairman ASFINAG Maut Service GmbH, 5020 Salzburg, Deputy Chairman ASFINAG Service GmbH, 4052 Ansfelden, Chairman

The Supervisory Board of ASFINAG currently comprises:

Name, function in ASFINAG	Functions outside ASFINAG
Claudia Kahr, Chairman	Limited partner: Knoch, Kern & Co KG, 9020 Klagenfurt
Horst Pöchhacker, Deputy Chairman	Member of the management board: Arbeiter-Samariter-Bund Österreichs Wohlfahrts-Privatstiftung, 1150 Vienna Member of the supervisory board: BIG Entwicklungs- und Verwertungs GmbH, 1030 Vienna, Deputy Chairman Bundesimmobiliengesellschaft m.b.H, 1031 Vienna, Deputy Chairman Rail Cargo Austria Aktiengesellschaft, 1030 Vienna, 2nd Deputy Chairman UBM Realitätenentwicklung Aktiengesellschaft, 1210 Vienna, Chairman Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, 1010 Vienna, Member ÖBB Personenverkehr Aktiengesellschaft, 1220 Vienna, 2nd Deputy Chairman Österreichische Bundesbahnen-Holding Aktiengesellschaft, 1100 Vienna, Chairman
Herbert Kasser, Member	Member of the supervisory board: BIG Entwicklungs- und Verwertungs GmbH, 1030 Vienna, Member

	Bundesimmobiliengesellschaft m.b.H., 1031 Vienna, Member Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, 1020 Vienna, Chairman ÖBB-Infrastruktur Aktiengesellschaft, 1020 Vienna, 2nd Deputy Chairman Österreichische Bundesbahnen-Holding Aktiengesellschaft, 1100 Vienna, 1st Deputy Chairman Österreichische Forschungsförderungsgesellschaft mbH, 1090 Vienna, Member
Maria Kubitschek, Member	Member of the supervisory board: AIT Austrian Institute of Technology GmbH, 1220 Vienna, Member ÖBB-Infrastruktur Aktiengesellschaft, 1020 Vienna, Member Österreichische Forschungsförderungsgesellschaft mbH, 1090 Vienna, Member
Ursula Zechner, Member	Member of the supervisory board: Austro Control Österreichische Gesellschaft für Zivilluftfahrt mit beschränkter Haftung, 1030 Vienna, Member Schieneninfrastruktur Dienstleistungsgesellschaft mbH, 1020 Vienna, Deputy Chairman via donau – Österreichische Wasserstraßen Gesellschaft m.b.H., 1220 Vienna, Member
Christian Petz, Delegated Member	--
Karl Fadinger, Delegated Member	Member of the supervisory board: ASFINAG Service GmbH, 4052 Ansfelden, Member
Franz Zimmermann, Delegated Member	Member of the supervisory board: ASFINAG Maut Service GmbH, 5020 Salzburg, Member

The business address of each of the members of the Management Board and the Supervisory Board of ASFINAG is Rotenturmstrasse 5-9, A-1011 Vienna.

As at 31 December 2010, the number of employees of the Group including former employees of the federal states amounted to 2,719 (31 December 2009: 2,676).

None of the members of the Management Board or Supervisory Board of ASFINAG have any conflict between their duties to ASFINAG and their other principal activities, or between their duties to ASFINAG and their personal or private activities. The Issuer has taken all reasonable care to ensure that none of its employees have any conflict between their duties to ASFINAG and their other professional or private activities.

SUMMARY FINANCIAL STATEMENTS OF THE GROUP

Since ASFINAG issues bonds which may be admitted to trading on a number of stock exchanges it was obliged – in order to meet the requirements of section 245a of AEC (Austrian Enterprise Code Unternehmensgesetzbuch UGB) - to prepare Consolidated Financial Statements in accordance with the provisions of the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Accordingly, since 2007 the Group annual financial statements have been drawn up in conformity with the provisions of IFRS and the ASFINAG - Ermächtigungsgesetz 1997 as amended.

The following tables present summary Group financial information as at and for the years ended 31 December 2009 and 2010. This information is derived from, should be read in conjunction with, and is qualified in its entirety by reference to, the audited Group financial statements as at and for the years ended 31 December 2009 and 2010, together with the notes thereto, all of which are incorporated by reference into this Prospectus. A complete version of the consolidated financial statements as well as the annual report can be downloaded at <http://www.asfinag.at/unternehmen/unternehmensberichte>.

Consolidated Balance Sheet

	As at 31 December 2010	As at 31 December 2009
Assets		
Non current assets	13,767,316,780.34	12,745,854,902.71
Intangible assets	12,912,080,606.88	12,027,192,495.33
Tangible assets	493,548,257.01	509,920,474.53
Real estate held as investments	23,742,370.48	24,456,373.58
Shares in affiliated companies	90,299.53	23,653.75
Other non current assets	293,366,900.44	141,794,434.52
Deferred tax	44,488,346.00	42,467,471.00
Current assets	465,952,237.48	413,367,234.82
Inventories	7,641,434.29	8,286,346.16
Trade and other receivables (current)	181,818,093.38	180,743,018.01
Other assets (current)	72,996,850.40	57,703,888.07
Cash and cash equivalents	203,495,859.41	166,633,982.58
Total assets	14,233,269,017.82	13,159,222,137.53
Liabilities		
Equity	2,211,131,170.16	1,871,690,789.70
Issued capital	392,433,304.51	392,433,304.51
Capital reserves	69,915,790.07	69,915,790.07
Retained earnings	6,318,012.97	6,318,012.97
Evaluation reserve acc. to IAS 39	(480,960.51)	(605,252.63)
Accumulated results (consolidated)	1,738,245,023.12	1,398,928,934.78
Equity held by shareholders of parent company	2,206,431,170.16	1,866,990,789.70
Minority interests	4,700,000.00	4,700,000.00
Non current liabilities	10,933,008,391.46	9,096,664,934.34
Non current financial liabilities	10,890,163,219.94	9,051,334,564.41
Employee benefit obligations	34,826,493.48	31,929,308.00
Trade and other payables (non current)	1,063,141.46	1,177,240.90
Other non current liabilities	6,955,536.58	12,223,821.03
Current liabilities	1,089,129,456.20	2,190,866,413.49
Other current financial liabilities	475,940,371.33	1,430,628,441.46

Trade and other payables (current)	192,977,812.83	241,346,548.45
Other current liabilities	167,341,408.24	280,962,102.85
Income tax liabilities	93,359,391.84	80,570,067.50
Current provisions.....	159,510,471.96	157,359,253.23
Total liabilities	14,233,269,017.82	13,159,222,137.53

Group Income Statement

	As at 31 December 2010	As at 31 December 2009
Revenues.....	2,471,814,612.02	2,036,184,263.39
Other operating income	115,287,382.04	87,632,873.19
Own work capitalised	80,813.46	188,350.84
Cost of materials and services.....	(1,318,349,406.90)	(941,262,888.30)
Personnel expenses	(160,859,304.20)	(151,857,673.36)
Other operating expenses.....	(161,231,338.10)	(177,754,345.28)
Earnings before Interest, taxes, depreciation and amortisation (EBITDA)	946,742,758.32	853,130,580.48
Amortisation of intangible assets and property and depreciation of tangible assets	(85,835,978.96)	(75,170,251.66)
Earnings before Interest and taxes (EBIT)	860,906,779.36	777,960,328.82
Interest cost.....	(513,914,128.49)	(542,105,329.92)
Other financial expenses	(304,477,929.88)	(209,993,047.24)
Interest income	107,044,062.90	117,983,537.79
Other financial income.....	300,230,367.69	240,834,469.02
Share of profit/loss of affiliated companies.....	66,645.78	5,173.06
Financial result	(411,050,973.00)	(393,275,197.29)
Earnings before taxes (EBT)	449,855,806.36	384,685,131.53
Taxes on income	(110,539,718.02)	(94,483,587.07)
Net profit for the period	339,316,088.34	290,201,544.46
Attributable to shareholders of parent company	339,316,088.34	290,201,544.46
Minority interests	0.00	0.00

THE GUARANTOR

The Issuer has been provided with the information (including source references) contained in this section by third persons and has prepared this section on the basis of such information without any further inquiry or verification. The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this section is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The information under this section of the Prospectus is taken from the Annual Securities Report of the Republic of Austria on the website of the Australian Securities Exchange in the section headed "Republic of Austria, Announcements", as last published on 6 July 2011 on the website of the Australian Securities Exchange at <http://www.asx.com.au/asx/statistics/announcements.do?by=issuerId&issuerId=5435&timeframe=Y&year=2011>.

Risk Factors

The Guarantor has been rated Aaa by Moody's Investors Service, Inc., AA+ by Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. and AAA by Fitch Ratings Limited. See risk factors "Risk of the Republic of Austria not being able to meet guarantee obligations" and "Risk of rating downgrade" in section "Risk Factors".

On January 13, 2012, Standard & Poor's lowered the long-term sovereign credit rating on the Guarantor to "AA+" from "AAA". The rating downgrade does not affect the ability of the Guarantor to fulfil its financial obligations under the Guarantee.

Information about the Guarantor

Outline

Office of the Guarantor

The office of the Guarantor is located at Bundesministerium für Finanzen/Abteilung III/6, Hintere Zollamtsstraße 2b, A-1030 Vienna and the telephone number is +43 51433.

Location, Area, Topography and Population

The Republic of Austria ("Austria") is situated in Central Europe between the latitudes 4622'N and 4910'N and longitudes 932'E and 1710'E. It is bordered by Switzerland and Liechtenstein on the west, Germany and the Czech Republic on the north, Slovakia and Hungary on the east, and Slovenia and Italy on the south. Austria has an area of 83,870 square kilometres.

According to official estimates, the population of Austria reached about 8.39 million in 2010, with yearly population growth rates under 1 per cent. In the year 2010, Vienna, Austria's capital, had a population of approximately 1.71 million, corresponding to approximately 20 per cent. of the total population.

Politics and Foreign Relations

The present Austrian frontiers were determined by the Treaty of St. Germain in 1919. The occupation of Austria following World War II was ended by the State Treaty for the re-establishment of an independent and democratic Austria in 1955. Subsequently, Austria adopted the Federal Constitutional Law on permanent neutrality, which provides, inter alia, that Austria will not join any military alliances and will not permit the establishment of any foreign military bases on its territory.

Form of Government

Under the Austrian Federal Constitution Act of 1920, as amended in 1929 (the “Federal Constitution”), Austria is a democratic and federal republic, with legislative and executive powers divided between the federal government and the nine constituent provinces (the “*Bundesländer*”). The responsibilities of the federal government include foreign affairs, federal finances, customs, money, credit and banking, rail, water and air transport, federal highways, the judiciary, post, telegraph, and telephone services, coordination of the electricity supply system, and military affairs. Responsibilities not specifically assigned by the Federal Constitution to the federal government are reserved to the *Bundesländer*.

The legislative power of the federal government is vested in a bicameral legislature consisting of the lower house (the “*Nationalrat*”) and the upper house (the “*Bundesrat*”). The members of the *Nationalrat* are elected for a period of five years by direct, secret, and popular suffrage under a system of proportional representation. The *Nationalrat* may be dissolved before the expiration of its five-year term by its own action or by the Federal President. The present *Nationalrat* was elected on 28 September 2008. The next elections are due to take place in 2013.

The members of the *Bundesrat* are elected periodically by the diets of the *Bundesländer* from its members or other citizens in proportion to the population of the *Bundesländer*.

Federal laws are adopted by the *Nationalrat* on the initiative of:

- federal government;
- members of the *Nationalrat* being at least eight in number;
- the *Bundesrat*;
- (in exceptional cases) at least 100,000 citizens of Austria holding the right of suffrage; or
- one sixth of such citizens of any three *Bundesländer*.

The *Bundesrat* may veto laws enacted by the *Nationalrat*, with the exception of laws on certain matters, including the laws on the federal budget and laws on government loans. Upon the veto of the *Bundesrat*, the law affected thereby may be adopted with final effect if the *Nationalrat* with a quorum of half of its members resolves to insist on the adoption of such law.

Furthermore, the approval of the *Nationalrat* and of the *Bundesrat* is required for the coming into force of certain international treaties of Austria as specified in the Federal Constitution. The *Nationalrat* exercises legal control over the executive branch by holding the right of impeachment and political control by various democratic means, including the vote of non-confidence. *Nationalrat* and *Bundesrat* exercise certain rights of nomination of high officials of Austria.

The supreme executive powers of the federal government are vested in the Federal President, the Federal Chancellor and the Federal Government. The Federal President is elected by direct, secret, and popular suffrage for a term of six years. On 25 April 2004, Dr. Heinz Fischer was elected Federal President and was sworn in on 8 July 2004. He was re-elected for a second term on 25 April 2010. The chief constitutional powers of the Federal President are the appointment of the Federal Chancellor and the other members of the federal government as well as the dissolution of the *Nationalrat*.

At present (last elections to the *Nationalrat* of Austria: 28 September 2008) the Austrian Social Democratic Party forms a coalition government with the Austrian People’s Party. The Federal Chancellor and head of government since December 2008 is Werner Faymann.

The judiciary is vested in the federal courts. There are ordinary courts to judge civil cases, subject to appeals to the court of appeals and to the Supreme Court and others to judge criminal cases, subject to appeal for mitigation of the penalty and against alleged mistakes in the application of the law to the court of appeals and to the Supreme Court.

The supreme jurisdiction on administrative acts is vested in a separate supreme court, the Administration Court to which an appeal can be made by any party that alleges it has been affected by an unlawful administrative act, which thereupon may be set aside by independent judges of whom this court is composed.

A third supreme court, the Constitutional Court, rules on the constitutionality of federal laws, the laws of the *Bundesländer* and of international treaties, on the legality of federal regulations and regulations of the *Bundesländer*, and on alleged infringements of constitutional rights through administrative acts. This court is also competent in election control and impeachment procedures.

Austrian Foreign Policy

Austrian Foreign Policy Priorities

Austria's foreign policy has the following priorities:

- to support the United Nations (“UN”) in the fulfilment of its role as guarantor of global peace and stability;
- to contribute actively to the solution of global problems in a framework of effective multilateralism;
- to assist in upholding the values of human rights and basic freedoms, the rule of law, democracy and pluralism worldwide;
- to strengthen the European Union (the “EU”) and Austria's position within the EU;
- to promote EU enlargement, in accordance with absorption capacities of the EU, and the policy of good relations with neighbouring states; and
- to cooperate in the further stabilisation of the Balkans, an area of critical importance to Austria.

European Integration

By joining the EU on 1 January 1995, Austria became a partner in this unique process of economic and political integration in Europe.

On 1 January 2002, the Euro became the official legal currency in twelve of the fifteen EU countries, replacing their national currencies. With the introduction of the Euro, the EU has completed the transition to full Economic and Monetary Union. Austria is one of the 17 EU countries participating in the Euro zone.

Since the Lisbon Treaty came into force on 1 December 2009, the EU now possesses legal personality which should enhance the EU's capacity to act on the international scene. The Treaty strengthens the role of the European Parliament and involves the national parliaments of the member states in the legislative process at European level. A series of institutional changes was introduced to improve the efficiency and coherence of the EU in the wake of its enlargement from 15 to 27 member states in the years 2004 and 2007.

Austria and the EU Common Foreign and Security Policy

Austria fully participates in all aspects of the EU's Common Foreign and Security Policy (the “CFSP”), including both civilian and military aspects of the European Security and Defence Policy (the “ESDP”).

CFSP is considered by Austria as a key element in strengthening the EU's position as a global actor in international relations. For a medium-sized country like Austria, close cooperation with the EU partners, with whom it shares a broad base of common values and interests, is also a prerequisite for the effective pursuit of its vital interests in the context of a globalising world.

Among the most concrete expressions of Austria's active participation in CFSP and ESDP are its contributions to numerous civilian as well as military crisis management missions undertaken by the EU such as, for example, the military stabilisation operation "EUFOR Althea" in Bosnia and Herzegovina, the Police Mission "EUPM" in Bosnia and Herzegovina, the rule of law mission EULEX in Kosovo or the monitoring mission EUMM in Georgia.

UN

Austria became a member of the UN on 14 December 1955 and ever since has actively participated in the work of the organisation. This is also reflected by the fact that in 2009/2010 Austria was a non-permanent member of the Security Council. During the tenure, Austria attached priority to issues related to the rule of law, the protection of civilians in armed conflict, in particular women and children, the role of women in peace and security as well as disarmament, arms control and non-proliferation.

Vienna is one of the four Headquarters of the UN, besides New York, Geneva and Nairobi. The "Vienna International Centre" ("VIC"), which celebrated its 30th anniversary in 2009, hosts the UN Office at Vienna ("UNOV"), the UN Office on Drugs and Crime ("UNODC"), the UN Industrial Development Organisation ("UNIDO"), the International Atomic Energy Agency ("IAEA"), the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organisation ("CTBTO PrepCom"), the UN Commission for International Trade Law ("UNCITRAL") and the UN Office for Outer Space Affairs ("UNOOSA").

Furthermore, Vienna is the seat of the Organisation for Security and Cooperation in Europe (the "OSCE") and the Organisation of the Petroleum Exporting Countries ("OPEC"). Moreover, important disarmament and non-proliferation activities are carried out by Vienna-based institutions, such as the Hague Code of Conduct against Ballistic Missile Proliferation ("HCOG" – Austria acting as Executive Secretariat/Immediate Central Contact), the Nuclear Suppliers Group ("NSG"), the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual Use Goods and Technologies and the Zangger Committee, which contributes to the interpretation of the Nuclear Non-Proliferation Treaty.

Vienna has also gained an excellent reputation as a platform for dialogue and a meeting place for major international conferences, including under the auspices of the UN. This trend will be further fostered thanks to the recent establishment of new international entities such as the International Anti-Corruption Academy ("IACA") in Laxenburg, the Vienna Centre for Disarmament and Non-Proliferation ("VCDNP"), the Vienna Liaison Office of the UN Office for Disarmament Affairs ("UNODA") and the Vienna Office of the International Peace Institute ("IPI").

Since 1960, Austria has provided more than 90,000 troops, military observers, civilian police as well as civilian experts to approximately 80 peacekeeping operations and humanitarian missions world-wide. Austrian military and police officers have been appointed UN Force Commanders and UN Police Commissioners. In 2010, about 1,200 Austrian soldiers and police officers were serving in peace operations authorised by the Security Council, conducted by the UN, the EU, NATO/PfP or the OSCE.

Multilateral Relations

Austria is also a member of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development, the Multilateral Investment Guarantee Agency, the European Bank for Reconstruction and Development, the European Investment Bank, the Common Fund for Commodities, the Global Environmental Facility, the International Finance Corporation, the International Development Association, the

Asian Development Bank, the Inter-American Development Bank, The Inter- American Investment Corporation, the International Fund for Agricultural Development, the African Development Fund, the African Development Bank, the Organisation for Economic Cooperation and Development (the “OECD”) and the Council of Europe and the International Energy Agency. Austria is also a member of the World Trade Organisation.

Economy

Outline of recent economic trends

After a shrinkage of 3.9 per cent. in 2009, the Austrian economy recovered in 2010 with its GDP expanding by 2 per cent. in real terms. From the second quarter, the economy grew by around 1 per cent. quarter on quarter. Growth incentives for the Austrian economy in 2010 came from abroad, as the regained momentum of the world economy stimulated demand for Austrian goods and services. The rebound was driven by manufacturing and foreign trade with gross fixed capital formation starting to recover towards the end of the year.

In 2010, value added in the manufacturing sector increased by 6.5 per cent. in real terms. Export-driven industrial activity improved considerably over the year, reflecting the rebound of Austria's major trading partners, notably Germany. Notwithstanding the overall positive development, the Austrian construction industry is still affected by the crisis. Its value declined once again, by more than 6 per cent. in real terms. Likewise, the value of the Austrian tourism sector shrank further.

In 2010, total exports expanded by 10.5 per cent. in real terms, with goods being the main driver (12.5 per cent.). Due to the continuing weak development of consumption and investment, total import demand grew 9.5 per cent. in real terms (10.5 per cent. for goods).

Gross fixed capital formation declined in 2010 by 1.25 per cent. in real terms. With capacity utilisation for enterprises still below average, investment demand did not start to rise before the last quarter of the year. While investment in machinery and equipment increased by 2 per cent. in real terms, investment in construction decreased by more than 3 per cent., with demand for residential investment declining by 5 per cent., considerably more than non-residential investment (-2.25 per cent.).

Consumption demand constitutes the biggest expenditure side component in the Austrian economy. As it generally shows only small cyclical fluctuations, it did not contribute much to the recovery of the economy in 2010. Consumer demand in private households grew in 2010 by 1 per cent. This was slightly less than in 2009 when expansive fiscal measures supported the development.

The recovery of the world economy led to higher quotations for raw materials which added, in Austria as in other countries, to overall inflation during the course of the year. Towards the end of 2010, headline inflation came to exceed 2 per cent., pushing the annual average to 1.7 per cent. While energy prices pushed up the Austrian headline inflation, the core inflation rate was a relatively modest 1.2 per cent.

With the regain of momentum in the economy, labour market conditions improved almost instantaneously. Between the beginning and the end of the year, seasonal adjusted employment figures increased considerably. The annual employment average increased in 2010, however, by only 0.8 per cent. The EU harmonised unemployment rate for Austria dropped from 4.8 per cent. in 2009 to 4.4 per cent. in 2010, being the lowest within the EU.

The recession was still evident in the public financial situation of 2011. The budget deficit (according to the Maastricht definition) measured as a percentage of GDP increased from 4.1 per cent. in 2009 to 4.6 per cent. in 2010. As a consequence, the public debt rate increased from 69.6 per cent. of nominal GDP to 72.3 per cent. in 2010.

The following table shows the major economic activities contributing to Austrian GDP for the years 2006 through 2010 at current prices.

Gross Domestic Product	2006	2007	2008	2009	2010
	<i>Value, Billion Euro</i>				
Agriculture and Forestry	3.84	4.33	4.39	3.79	3.96
Mining	1.06	0.99	1.20	0.99	1.15
Manufacturing.....	46.39	50.28	52.24	46.16	49.45
Electricity, gas and water.....	5.52	5.70	6.06	6.94	6.83
Construction.....	15.94	17.12	18.10	18.20	17.78
Trade.....	29.81	31.35	33.41	31.65	33.95
Restaurants and hotels	10.77	11.19	11.92	12.10	12.15
Transport and communication	14.53	15.39	15.43	14.55	14.15
Finance, insurance	12.65	13.62	13.54	11.13	12.20
Real estate, dwellings	43.70	45.95	47.48	47.58	49.60
Public administration ⁽¹⁾	13.47	13.75	14.51	15.07	15.39
Other services	34.84	36.45	38.27	39.82	41.18
Gross value added.....	232.51	246.11	256.53	248.00	257.80
Taxes less subsidies on products.....	24.44	25.90	26.55	26.32	26.20
Gross Domestic Product at market prices....	256.95	272.01	283.09	274.32	284.00

Note:

(1) Including defence and social security.

Source: Statistics Austria, *Oesterreichisches Institut für Wirtschafts-forschung* (“WIFO”)

Industrial Structure and recent condition of major industries

In 2010, Austria's industrial sector accounted for about 30 per cent. of total gross value added (“GVA”), whereas the services sector (including trade, transport and communications and business services) accounted for more than two thirds of GVA. The residual 1.5 per cent. of GVA-share is covered by the agricultural and forestry sector.

In 2010, manufacturing (including mining) constituted 19.2 per cent. of total GVA. Thus, the share of manufacturing in total GVA was higher than in the OECD average. Austria produced about 3 per cent. of EU output in manufacturing. In 2010, industrial production increased by 6.9 per cent. in volume.

The largest industrial sectors are the manufacture of machinery (NACE 28), metals and metal products (NACE 24) and motor vehicles (NACE 29), accounting for around 7.9 per cent., 7.4 per cent. and 6.9 per cent. of gross value of output, respectively. Motor vehicles are now the largest export. Austria supplies specific components to European and US car manufacturers. Other important sectors include manufacture of transport equipment, metal products, wood and wood products, pulp and paper. Austria's position in research and development spending improved significantly in the last 10 years. In Austria, total expenditures on Research and Development amounted to 2.78 per cent. of total GDP in 2010 which is significantly above the EU average.

Agriculture and Forestry

Austria is a net-exporter of lumber and almost self-sufficient in agricultural products. About 43 per cent. of Austria's territory is forestry land (approximately 14,000 square miles) and 30.5 per cent is agricultural.

Austria is a net-exporter of animal products and a net-importer of plant products (mainly fruits and vegetables) with an over-all food self sufficiency ratio of approximately 90 per cent.. Exports of lumber and forest products, including paper, paperboard and pulp, represented 7.0 per cent. of Austria's exports in 2010.

In 2010, approximately 188,000 individuals were active in agriculture, forestry and fishery, representing 5.1 per cent. of Austria's labour force (measured as full-time equivalent). The respective share of total GVA was 1.5 per cent. in 2010.

Industry

In 2010, Austrian manufacturing and extractive industries (NACE C-E) employed an average of approximately 556,968 workers representing 16.5 per cent. of Austria's employees. Most of Austria's manufacturing and extractive industries are concentrated in the Vienna region and in the provinces of Lower and Upper Austria and Styria.

Iron ore deposits, which are principally found in the province of Styria, supply a significant portion of the ore used by the Austrian steel industry. Austria has important deposits of lignite, magnesite, salt, and graphite and some minor deposits of copper, lead, zinc, and kaolin. Austria is one of the world's largest suppliers of magnesite, a refractory material used in making fire-brick linings of steel furnaces and for other industrial purposes.

Construction

In 2010, approximately 242,525 persons on average were employed in construction, representing 7.1 per cent. of Austria's wage and salary earners. The construction industry contributed 5.9 per cent. to total GVA in 2010.

Trade and Services

In 2010, trade accounted for 13.2 per cent. of total GVA at current prices.

In 2010, on average, 507,500 persons were employed in the trading sector, representing 15.1 per cent. of Austria's wage and salary earners. According to the latest available estimates by 'KMU-Forschung' in 2007, there were 27,000 wholesale trade enterprises and 42,500 retail trade enterprises in Austria.

In 2010, hotels and restaurants accounted for 4.7 per cent. of total GVA at current prices. On average, 181,000 persons were employed, representing 5.4 per cent. of Austria's total wage and salary earners.

Banking and Insurance

In 2010, banking and insurance accounted for 4.8 per cent. of total GVA at current prices. In 2009, the sector employed a total of 127,200 persons (of which banking accounted for 78,700, and insurance accounted for 28,600) representing 3.0 per cent. of Austria's wage and salary earners.

Tourism

Austria's tourism industry benefits from extended summer and winter seasons. The natural and scenic attractions, as well as the rich traditions in music and other forms of art and science, attract tourists from all over the world. Austrian federal, provincial, and municipal authorities provide funds every year, such as subsidised loans and financial aids for provincial festivals and fares, to support and develop the tourist industry.

In 2010, the total number of overnight stays reached 124.9 million, increasing by 0.5 per cent. from the previous year. Domestic tourists accounted for 35.0 million (+1.7 per cent.) and foreign tourists amounted to

89.9 million (0.0 per cent.). Among Austria's most important markets, the demand from Russia (23.3 per cent.) and Arab countries (+20.4 per cent.) expanded significantly, and the number of overnight stays by guests from the United States (+11.9 per cent.), Slovakia (+9.6 per cent.), Sweden (+9.4 per cent.) and Spain (+8.0 per cent.) strongly increased. While the demand of tourists from Switzerland (+4.3 per cent.), France, Poland (+2.7 per cent.), Japan (+1.3 per cent.), Denmark, the Czech Republic (+0.9 per cent.) and Hungary (+0.7 per cent) developed more moderately, overnight stays by guests from Italy and the United Kingdom remained approximately stable. A relatively slight decline was registered for overnight stays of German (-1.4 per cent.), Romanian (-2.2 per cent.) and Belgian tourists (-2.6 per cent.), whereas for Dutch guests (-4.0 per cent.) the decrease was more significant.

Price Trends

According to the harmonised index of consumer prices, the overall price level increased by 1.7 per cent. in 2010 (previous year: 0.4 per cent.), mainly driven by the price increase of fuels for transport (14.7 per cent.) and fuels for heating (22.5 per cent.). Although, fuels account for just 4.1 per cent. in the HICP goods and services basket, their contribution to headline inflation were 0.6 percentage points (about 37 per cent.). Core inflation was 1.2 per cent. and the price of food (incl. alcohol and tobacco), non-energy industrial goods and services increased by 0.7, 1.2 and 1.4 per cent., respectively.

In 2010, the inflation rate for the Euro area was 1.6 per cent., but with a high variation between the member countries: from -1.6 per cent. for Ireland to 4.7 per cent. for Greece. In comparison to the previous year, the dispersion in the rates of inflation within the Euro area increased somewhat, coming back to its average for the last decade.

The following table shows price indexes and rates of inflation for the years indicated.

Price Trends	2006	2007	2008	2009	2010
			(2005=100)		
Consumer Prices					
Harmonised Index.....	101.7	103.9	107.3	107.7	109.5
Percentage increase over previous year	1.7	2.2	3.2	0.4	1.7
Wholesale Prices			(2000=100)		
Index.....	113.3	117.9	125.5	116.2	122.0
Percentage increase over previous year	2.9	4.1	6.4	-7.5	5.0

Source: Statistics Austria WIFO

Labour Situation

Even though the negative effects of the economic crisis in 2009 were dampened by the public financing of short-time working schemes and other active labour market policies, unemployment increased and employment rates fell sharply. In 2010 the domestic labour market recovered rather quickly from the downturn: the increase in employment amounted to 1.0 per cent., the unemployment rate decreased from 4.8 to 4.4 per cent. in 2010 (according to EUROSTAT). The national unemployment rate is still one of the lowest in the EU, as is long-term unemployment and youth unemployment.

The following table contains information about employment and unemployment between 2006 and 2010.

Employment/Unemployment	2006	2007	2008	2009	2010
			<i>(per cent.)</i>		
Employment growth	1.4	1.8	1.8	-0.9	1.0
Unemployment rate.....	4.8	4.4	3.8	4.8	4.4

Source: Eurostat

Social Security System

The Austrian social security system includes health, old age and disability benefits, unemployment benefits, family allowances, supplementary retirement and welfare plans, and a number of other social services and benefits. Approximately 99 per cent. of Austria's population is covered by health insurance, which is a major part of social security. Social expenditures are financed by contributions from employers and employees (25 per cent. and 18 per cent. respectively) as well as through allocations from the federal budget (collected by direct and indirect taxes).

In 2009 the social protection expenditure in Austria amounted to €84.1 billion according to the calculation method standardised in the EU (ESSPROS), and was in real terms 4.8 per cent. higher than in the pre-crisis year 2008. The gross expenditure on social protection accounted for 30.7 per cent. of the gross domestic product. The social quota had been declining since 2004 and rose again 2009.

Approximately 42 per cent. of the social expenditures are dedicated to old age and 7 per cent. for survivors pensions; 26 per cent. are spent on health care and care allowance, 10 per cent. are used for family allowances, 8 per cent. for invalidity, around 5 per cent. for unemployment policy and nearly 2 per cent. for housing and social inclusion (data 2008). These figures do not represent the situation during the economic crisis in 2009.

In 2004, there was a large pension reform. The so-called pension harmonisation reform has been effective since 1st January 2005. Simulations of the pension expenditures (for both employees and the self-employed) forecast a reduced increase in pension expenditures. As a result of the last pension reform, early retirement schemes are being phased out and the early retirement age is set to increase. The retirement age for the early retirement scheme due to long term insurance (contribution over 40-45 years) is still age 55-60 up to 2013, but this will be eliminated thereafter. The full elimination of the scheme will cut public expenditure by about €200 million per year. The pension harmonisation reform in general will have a very long transition period (around four decades). The adjustment of civil servants schemes to those of employees will also take place in this lengthy transition period up to 2050.

The pension reform of 2010 also leads to a relative decrease in pensions expenditures of 0.3 per cent. of GDP in the long run. There is a new advisory network for employees with health problems and for the employer. The target is to increase the rehabilitation efforts and decrease the number of labour exits due to health problems.

Future Economic Prospects

Lively activity in Germany gave strong impetus to Austrian exports in 2010. The Austrian manufacturing industry therefore benefited indirectly from the booming emerging market economies. At the same time, investment in machinery and equipment has increased over the last three quarters indicating that the stimulus

from exports is being transmitted to domestic capital formation. For the entirety of 2011, WIFO expects GDP growth at 3.2 per cent., followed by an annual average 0.4 per cent. in 2012.¹

Economic activity and the measures of fiscal consolidation will improve the general government economic balance. The general government deficit is projected at around 3.6 per cent. of GDP in 2011 and at around 3.2 per cent. in 2012.²

Should the latest increase in interest rates for government bonds in the euro area continue and spread to other countries, the government's financial situation in these countries may become more critical and compel the authorities to take further consolidation measures. This could not only dampen further aggregate demand in the euro area, but also adds to the fragility of the financial system and potentially jeopardizes the stability of the Monetary Union.

The following table shows the economic projections for Austria through 2012.³

Economic Projections	2010	2011 ⁽⁴⁾	2012 ⁽⁴⁾
	<i>(percentage change over previous year)</i>		
GDP, volume.....	2.3	3.2	0.4
GDP, value.....	4.1	5.5	2.7
Private Consumption, volume.....	2.2	0.8	0.8
Gross fixed capital formation, volume	0.1	5.6	0.9
Exports of goods, volume ⁽¹⁾	12.8	7.8	3.5
Imports of goods, volume ⁽¹⁾	10.3	8.0	3.7
Current account ⁽²⁾	3.0	2.5	2.4
Unemployment rate ⁽³⁾	4.4	4.2	4.5

Note:

- (1) According to Statistics Austria.
- (2) In per cent. of GDP.
- (3) In per cent. of total labour force according to Eurostat.
- (4) WIFO Forecast December 2011.

Source: WIFO

Foreign Trade and Balance of Payments

Foreign Trade

Austrian trade in goods appears to have recovered from the global economic crisis of 2008/2009 and the subsequent decline in world trade. Austrian nominal exports of goods increased by 16.5 per cent. in 2010 (compared to the previous year) and in real terms exports of goods increased by 12.8 per cent. and reached approximately 95 per cent. of the pre-crisis value (2007: €14.7 billion) . Austrian imports of goods also increased significantly in 2010 (+16.3 per cent. in nominal terms, +11.0 per cent. in real terms).

¹ Figures in the Annual Securities Report of the Republic of Austria updated with data published by WIFO in December 2011.

² Figures in the Annual Securities Report of the Republic of Austria updated with data published by WIFO in December 2011

³ Figures in the Annual Securities Report of the Republic of Austria updated with data published by WIFO in December 2011

The balance of trade in goods deteriorated in 2010 (by €0.4 billion), resulting in a trade deficit of €4.3 billion. However, in the years before the global crisis of 2008/2009 the Austrian balance of trade in goods showed a clear trend towards improvement, for example, in 2007 the Austrian trade balance in goods showed a surplus for the second time since 1953 (the first being in 2002).

Austria exported more than 70 per cent. into the EU 27⁴ in 2010. While a high export concentration into the EU 15 market⁵ is still evident (55 per cent. of total exports of goods in 2010), 20.9 per cent. of Austria's exports were sent to the 21 Central and Eastern European countries (the “CEEC 21”). The US, the most important overseas trade partner, ranks number four in the list of the most important markets for Austrian goods, behind Germany, Italy and Switzerland. Nominal exports to the US increased by 22.9 per cent. in 2010.

Seen from a long-term perspective, foreign trade has greatly increased its importance for the Austrian economy. After the global economic crisis of 2008/2009, total exports of goods and services at current prices (2010: €157 billion) a percentage of GDP recovered in 2010 (55.3 per cent. compared to 50.5 per cent. of GDP in 2009).

Total trade balance – the trade balance of goods and services – still reached a surplus of 4.9 per cent. of GDP in 2010, and showed an improvement compared to the previous year (2009: surplus of 4.5 per cent. of GDP).

Foreign Trade	Exports(F.O.B.)	Imports(C.I.F.)	Balance of	Exports as a
			Trade	percentage of imports
			<i>(Euro Billion)</i>	
2006	103.7	104.2	(0.5)	99.6
2007	114.7	114.3	0.4	100.4
2008	117.5	119.6	(2.0)	98.3
2009	93.7	97.6	(3.8)	96.0
2010	94.2	113.5	(4.3)	83.0

Source: Statistics Austria.

Balance of Payments

The following table shows the balance of payments of Austria with all countries and the net change in official international reserves of the *Oesterreichische Nationalbank* (“OeNB”), Central Bank of Austria, for the years 2006 through 2010.

Balance of Payments	2006	2007	2008	2009	2010
	<i>(Euro Million)</i>				
Current Account	7,258	9,620	13,757	8,529	7,758
Goods.....	331	1,298	(570)	(2,328)	(3,215)
Exports.....	106,504	118,724	121,511	97,042	111,319
Imports.....	106,173	117,426	122,083	99,370	114,535

⁴ Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

⁵ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Balance of Payments	2006	2007	2008	2009	2010
			<i>(Euro Million)</i>		
Services.....	9,719	11,163	14,248	12,850	13,328
thereof Travel.....	5,614	5,942	6,956	6,168	6,361
Income.....	(1,479)	(1,617)	1,693	(270)	(290)
Current Transfers.....	(1,314)	(1,225)	(1,614)	(1,722)	(2,065)
Capital Account.....	(802)	200	(42)	221	355
Financial Account.....	(7,944)	(11,503)	(14,966)	(9,406)	(3,720)
Direct investment.....	(3,666)	(5,481)	(15,385)	538	(3,773)
Portfolio investment.....	11,502	22,666	26,527	(6,826)	(7,626)
Other investment.....	(15,427)	(26,107)	(26,979)	(6,043)	8,569
Financial derivatives.....	(857)	(723)	280	551	205
Official reserves.....	504	(1,857)	592	2,374	(1,095)
Errors And Omissions.....	1,487	1,683	1,250	656	(4,393)

Note:

Amounts may not add due to rounding.

Source: OeNB.

In 2008, when the subprime crisis first hit the real economy, the current account closed with a record surplus of €13.8 billion (4.9 per cent. of GDP). This development mainly resulted from an increase in the surplus on services by €3.1 billion which more than offset the weaker result of trade in goods (€-1.9 billion). The extraordinary surplus on income (€1.7 billion) can be explained by huge losses of a small number of resident direct investment enterprises (foreign affiliates in Austria), while some important affiliates abroad posted unexpectedly high profits, despite the evolving crisis.

The financial account showed capital outflows of €15.0 billion in 2008. The balance on portfolio investment resulted in capital imports of €26.5 billion, which was more than offset by net exports of “other investment” (€27.0 billion). Austria’s direct investment abroad amounted to €20.0 billion while FDI in Austria fell significantly to €4.6 billion.

Despite the worldwide recession, the Austrian economy posted a robust current account surplus in 2009. The amount of €8.5 billion corresponded to 3.1 per cent. of GDP. In the wake of the crisis, exports of goods declined by almost 20 per cent. to €97.0 billion, thereby falling back to the 2005 level. Due to the fact that imports went down by almost the same rate, the deficit deteriorated by only €1.8 billion. Exports and imports of services were hit less severely, with a decline to both of approximately 9 per cent., but the surplus decreased accordingly from €14.2 billion to €12.9 billion. Additionally, income flows reverting to the usual outflow after a positive outlier in 2008 also contributed negatively (€-2.0 billion).

The financial account showed capital outflows of €9.4 billion, a figure which necessarily corresponds to the current account surplus. While the overall net balance did not change dramatically, the underlying flows looked very different. It was a striking feature of 2009’s financial account that for the first time since the introduction of the Euro the financial integration not only came to a halt, but in fact was slightly reversed. The most dramatic change took place in “other investment”, which is dominated by banks’ activities. The increase in assets and liabilities in 2008 (€37.6 billion and €10.7 billion respectively) turned into decreases of €20.6 billion (assets) and €26.6 billion (liabilities). In portfolio investment, redemptions and repurchases of

domestic securities exceeded sales by €3.7 billion. In line with worldwide trends direct investment flows were significantly lower than the years before.

In 2010 Austria's balance of payments displayed vital signs of recovery. The current account posted a surplus of €7.8 billion or 2.7 per cent. of GDP. Exports of goods made up for most of the prior decline (+14.7 per cent.), but still did not reach the record volumes of 2008. Imports grew even faster (+15.3 per cent.), reflecting the economic recovery, a build-up of inventories but also rising prices in raw materials and energy. As a consequence the trade deficit increased by €0.9 billion.

In contrast, trade in services – travel as well as business related services – had performed rather steadily in the past two years and increased its traditional surplus by another €0.5 billion. As for goods, trade in services is still lagging behind the volumes in the years prior to the financial crisis. Travel revenues increased by 1.2 per cent. in 2010. 22 million arrivals of foreign tourists outpaced record results prior to the crisis; at the same time, overnight stays stagnated as the average length of stays continues to diminish.

Contrary to the positive outlook for production and employment, Austria's financial account continued to reflect caution and restraint among investors in 2010. For the second year in a row cross-border financial transactions reduced the level of financial integration.

In *Direct Investment* the liquidation of a foreign controlled holding company with no economic activity in Austria (a so-called "Special purpose entity") caused negative flows of more than €20 billion for both, outward and inward investment. Apart from this, Austrian investors increased their new investment to €8.2 billion abroad, while foreign investors funded their resident affiliates with €5.0 billion, almost the same amount as in the year before. Positions in *Other Investment*, which to a large extent reflect banks' activities, were also reduced significantly. Assets were reduced by €14.9 billion (compared to €20.6 billion in 2009) and liabilities shrank by €6.3 billion (compared to €26.6 billion the year before). Developments in *Portfolio Investment* in 2010 were less uniform than those in direct and other investment. On the one hand net flows in *debt securities* signalled small decreases in both assets (€0.8 billion in 2010) and liabilities (€1 billion in 2010). This is the third year in a row with net sales of foreign bonds (reduction of assets) and the second time, that foreign investors reduced their overall holdings of Austrian securities. From 1999 to 2007 debt security transactions of both assets and liabilities usually showed net increases of around €10 to 30 billion a year. On the other hand non-resident shares and mutual funds began to shift back to the focus of Austrian investors, especially Austrian mutual funds. Austrian residents purchased €7.2 billion of non-resident non-FDI equity in 2010, a marked increase from €4.4 billion in 2009. Austrian shares and mutual funds, however, are still being largely ignored by non-resident investors.

Monetary and Financial System

The OeNB within the European System of Central Banks (the "ESCB") - general description

The Oesterreichische Nationalbank (OeNB), established by Federal Law in 1922, is the central bank of Austria. Since 1 June 1998, it has been an integral part of the ESCB. It is a joint stock company with a capital of €12 million; this sum is held in its entirety by the Austrian federal government, which became the sole shareholder in July 2010. The transfer of the shares is subject to approval by the general meeting of shareholders.

The general meeting of the OeNB has the following principal tasks, among others: the receipt of the report of the General Council, the discharge of the General Council and the Governing Board from liability for the previous year, the approval of the financial statements, the allocation of profits and the election of six members of the General Council and two auditors.

The General Council is charged with the supervision of the OeNB's business excluding ESCB-related matters. The term of office of the members of the General Council is five years. The General Council has fourteen

members: the President, the Vice-President and six members appointed by the Federal Government; six members are elected at the General meeting. Pursuant to the National Bank Act, the members of the General Council shall include representatives of credit institutions, industry, trade, small business and agriculture, as well as of salaried employees and wage earners.

A State commissioner appointed by the Federal Minister of Finance is entitled to attend the General Meeting and meetings of the General Council in an advisory capacity. Like any other company in which the Republic of Austria holds a stake of at least 50 per cent. of the capital, the OeNB is subject to control by the Austrian Court of Accounts (Rechnungshof).

The participation of Austria in measures to support financial stability in Europe⁶

EU background

Bilateral loans to Greece

On 2 May 2010, Eurogroup Ministers concurred with the Commission and the European Central Bank (ECB) that market access for Greece was not sufficient and that providing a loan was warranted to safeguard financial stability in the euro area as a whole. Following a request by the Greek authorities, euro area Ministers unanimously agreed to activate stability support to Greece via bilateral loans centrally pooled by the European Commission. In the context of a three year joint programme with the IMF, the financial package made available loans up to €110 billion to help Greece meet its financing needs, of which euro area Member States were ready to contribute up to €80 billion and the IMF €30 billion. Euro area financial support is provided under strong policy conditionality, on the basis of a programme negotiated with the Greek authorities by the Commission and the IMF, in liaison with the ECB. The programme was approved by the Greek Council of Ministers on 2 May 2010 and endorsed by the Eurogroup on the basis of a Commission and ECB assessment.

On 21 July 2011, the Heads of State or Government of the euro area lengthened the maturities of all bilateral Greek loans to up to 15 years with a ten year grace period, and reduced the payable interest rate to the reference value of the Balance of Payment regulation.

On 26 October 2011, the Heads of State or Government of the euro area launched a new macroeconomic adjustment programme for Greece. The new programme comprises loans of €100 billion and a contribution from the private sector in the form of a voluntary debt exchange with a 50 per cent. haircut. As such, the Eurozone has offered an additional €30 billion as an incentive to private investors to achieve a participation rate of 100 per cent. Any tranche of the bilateral loan facility remaining after the disbursement of the 6th tranche, will be taken over by the EFSF in addition to the new programme.

On 21 February 2012 Ministers of Finance approved the launch of the bonds exchange in the framework of the private sector involvement (PSI) and in principle the terms of the new second programme. The PSI includes a nominal write-off of 53.5% of the initial notional value of outstanding Greek government bonds. The envisaged 2nd programme for Greece would be financed via the EFSF (see below). Austria's share in the form of guaranteeing capital would amount to around € 9.1 billion, still also pending on co-financing decisions by the IMF for the 2nd programme.

The European Financial Stabilisation Mechanism (EFSM)

On 9 May 2010, the Ecofin decided to establish a European Financial Stabilisation Mechanism (EFSM), based on Art. 122.2 of the Treaty on the functioning of the European Union (TFEU). The legal basis of the

⁶ In comparison to the Annual Securities Report of the Republic of Austria published 6 July 2011 this section has been updated by the Republic of Austria in February 2012.

EFSM consists in a Council regulation, adopted on 10 May 2010, establishing the conditions and procedures under which Union financial assistance may be granted to a Member State which is experiencing, or is seriously threatened by, a severe economic or financial disturbance caused by exceptional occurrences beyond its control. The EFSM essentially reproduces for the EU 27 the basic mechanics of the existing Balance of Payments Regulation for non-euro area Member States. When the mechanism is activated, it allows the Commission to borrow in financial markets on behalf of the Union under an implicit EU budget guarantee. The Commission then on-lends the proceeds to the beneficiary Member State. This particular lending arrangement implies that there is no debt-servicing cost for the Union. All interest and loan principal is repaid by the beneficiary Member State via the Commission. Within the limits of the European Union's own resources, up to €60 billion can be made available under the EFSM. The EFSM will cease to exist once the European Stability Mechanism (ESM) which is an international financial institution, set up through a Treaty, starts its operations in July 2012.

The European Financial Stability Facility (EFSF)

On 7 June, 2010, Euro area Ministers established the European Financial Stability Facility as a public limited liability company under Luxembourg law (*Société Anonyme*). To this end, they agreed on the Articles of Association of the EFSF and on the Framework Agreement between euro area Member States and the EFSF. The EFSF's objective is to preserve financial stability of Europe's monetary union by providing temporary financial assistance to euro area Member States in difficulty, subject to strict policy conditionality negotiated with the European Commission in liaison with the European Central Bank and International Monetary Fund and to be approved by the Eurogroup. In order to reach its objective the EFSF can issue bonds or other debt instruments on the market to raise the funds needed to provide loans to countries in financial difficulties. Issues would be backed by guarantees given by the 16 (17 as of 1 January 2011) euro area Member States of up to €440 billion on a pro rata basis, in accordance with their share in the paid-up capital of the European Central Bank (ECB). It is headed by Klaus Regling, former Director-General for economic and financial affairs at the European Commission.

As EFSF's lending capacity was subsequently reduced by credit enhancement mechanisms and interest rate developments, the Heads of State or Government of the Euro Area agreed on 11 March 2011 to restore the full lending capacity of €440 billion, as a result of an increase in guarantees of up to 165 per cent. per country, thereby enhancing the overall guarantee commitments to €779.78 billion (or €726 billion net of Greece, Portugal and Ireland – excluding interest). On 21 July 2011 the Heads of State or Government agreed to increase the flexibility of the EFSF by allowing for four additional instruments (Preventive Credit Lines, Recapitalization of financial institutions and Interventions at Primary and Secondary Markets). These changes resulted in an amendment to the intergovernmental agreement underlying the guarantee commitments, which came into force in October 2011.

On 26 October 2011, the Heads of State or Government agreed to further increase the effectiveness of the EFSF by creating two new leveraging options. The leveraging can either be carried out through the provision of a Partial Protection Certificate or by direct participation in a Co-Investment Fund. The existing Framework Agreement will not be amended to implement the two new options; the guarantee ceiling remains unchanged.

In November 2010 it was agreed that Ireland will get financing of up to €17.7 billion from the EFSF. In May 2011 it was agreed that Portugal will get financing of up to €26 billion from the EFSF. In 2011, it was agreed that the EFSF's guarantee commitments would be increased from €440 billion to €726 billion. Austria's share of guarantees amounts to €21.639 billion plus interest and costs.

Potential fiscal implications of these measures on public sector accounts in Austria

Austria's share in the initially planned bilateral loans to Greece was €2.29 billion (0.8 per cent. of GDP). The first loan was disbursed on 18 May 2010, with Austria's share amounting to approximately €454 million. By

the end of 2011, Austria has disbursed total loans of approximately €1.555 billion to Greece. After the disbursement of the sixth and last tranche of the bilateral loan facility in December 2011, EFSF will take over financing of further financial assistance. The loans increase the public debt level with the same amount less 50 basis points service fee, which is charged at the time of disbursement. The net asset position of the public sector is not affected by these loans. All disbursements are subject to the requirement that Greece fulfils the conditionality and honours its obligations under the loan agreement. The internal rules of the loan providers make sure that Austria will not incur any interest rate losses from this agreement and thus also the public deficit is not negatively affected by the loan agreement with Greece. According to Art. 125 of the Treaty on the functioning of the European Union (TFEU), no Member State shall be liable for or assume the commitments of any other public authority in the Union and thus the loan-commitment of Greece has to be fulfilled by Greece.

As for the EFSM, only in case of a temporary default of a beneficiary would Austria's public budgets contribute with approximately 2.1 per cent., or up to approximately €1.3 billion (0.5 per cent. of GDP) more to the EU-budget. The amount would be distributed across the years of the current EU's medium term budget plan, i.e. 2010 – 2013. At the end of 2011 €48.5 billion had been committed under the EFSM.

As for the EFSF, Euro area Member States, including Austria, are expected to provide guarantees to financial issuances by the EFSF. Out of the overall guarantee commitments, Austria's share is capped at €21.64 billion (7.6 per cent. of GDP). This figure does not include interest and other costs.

During operations, Austria's public sector budgets only incur contingent liabilities. Eurostat decided in January 2011 that the debt issued by the EFSF for each support operation for a member of the euro area must be reallocated to the public accounts of States providing guarantees, in proportion to their share of the guarantees for each debt issuing operation. It will therefore be accounted for in the government debt of States having provided guarantees. In addition, there is a small effect stemming from the underwriting of share capital of the EFSF, which can be increased up to €30 million (approximately €830.000 for Austria). In addition, any profits of the EFSF would stay in its books until the expiry of the EFSF. Provisioning is made that the EFSF will not incur a loss. The EFSF is of unlimited duration, but no new loan facility agreements will be established or entered into after 30 June 2013.

The European Stability Mechanism (ESM)

Once ratified by the euro area Member States, this international financial institution will assume the tasks currently fulfilled by the EFSF and the EFSM in providing, where needed, financial assistance to euro area Member States from July 2012. The ESM will have the same instruments available to it as the EFSF and will also be able to establish new ones.

The ESM will have an initial authorised capital stock of €700 billion, of which €80 billion are paid in over a period of 5 years. Front-loaded payments of more than one tranche are possible and currently under discussion. The paid-in capital for Austria will be 2.7834 per cent. or approximately € 2.23 billion. This will increase the debt level, but not burden the public balance.

Capital Markets

The Wiener Börse (Vienna Stock Exchange), which was founded in 1771, is one of the oldest economic institutions in Austria. It originally conducted transactions in government securities. Following the establishment of the former Austrian Securities Authority (*Bundeswertpapieraufsichtsbehörde* – see below) and the merger of the Austrian Futures and Options Exchange (*Österreichische Termin und –Optionsbörse ÖTOB*) with the cash market of the Wiener Börse in 1997, further changes were implemented in the business year of 1998. The management and operation of the Wiener Börse were transferred from the Council of the

Wiener Börse (*Börsekammer*), a public law entity, to a newly set-up joint-stock corporation operating under private law, the Wiener Börse AG.

The restructuring of the Wiener Börse AG in 1998 and the following external infrastructural measures in 1999 increased the attractiveness of the Austrian capital market: the new Takeover Act, the further strengthening of the role of the former Austrian Securities Authority (Bundeswertpapieraufsichtsbehörde), the legal amendments to allow listed companies to buy back own shares as well as the option for listed companies to draw up their consolidated financial statements in accordance with international financial reporting standards (IAS/IFRS).

In 2000, the Capital Markets Reform Act was designed to make the Austrian capital markets more attractive. This new act permits publication of prospectuses on the internet and in English. Furthermore, tax incentives for employee participation models and stock options were introduced. The capital markets initiative was started in 2001 as a joint venture between the Ministry of Finance, the OeNB and the Wiener Börse AG. A government advisor for capital markets was appointed and is in charge of co-ordinating all parts of the initiative in cooperation with the market participants. In February 2003, a curatorship for the Austrian capital markets was founded by the government advisor, the OeNB and the Wiener Börse AG to strengthen the Austrian capital markets and to improve its position in Europe. The measures are designed amongst others things to create market confidence and to enhance transparency for all stakeholders as well as to increase turnover (e.g. via a state-subsidised personal pension plan). The Austrian Code of Corporate Governance was presented in 2002 and has been reviewed regularly in the light of national and international developments, and if necessary, amended. The latest review in 2009 (published at the beginning of 2010) took on board, amongst other things, new remuneration rules.

On 1 April 2002, the Austrian Financial Markets Authority (the “FMA”) assumed its powers and responsibilities under the Financial Markets Supervision Act and thus launched an integrated financial supervisory authority (banking, insurance and pension funds, securities and stock exchange supervision). The FMA is an institution under public law. Its operational independence is secured by constitutional provision. The reform of financial markets supervision in Austria enacted in 2007 strengthened the OeNB’s role in banking supervision. The FMA continues to be an independent and autonomous integrated financial supervisor. It continues to perform the authority function in the field of banking supervision. The OeNB shall be responsible for all on-site inspections as well as all off-site analyses of banks. In addition to the changes implemented in the field of banking supervision, the OeNB’s financial stability mandate has been laid down explicitly by Article 44b of the Federal Act on the OeNB (Nationalbank Act). Accordingly, the OeNB shall, in the public interest, monitor all circumstances that may affect the maintenance of financial stability in Austria. The supervisory reform has resulted in better cooperation and closer supervisory collaboration, making it possible to take even more timely and efficient prudential measures to strengthen financial stability in Austria. To maintain orderly markets, the FMA was empowered to prohibit naked short selling and to sanction cases of noncompliance.

In January 2005, the Central Counterparty Austria GmbH was founded by Oesterreichische Kontrollbank and Wiener Börse AG. Since then it has been acting as the central counterparty for the clearing of all trades concluded on the Wiener Börse. By introducing a central counterparty, Austria has implemented an important measure of the action plan for the Austrian capital markets.

Austrian stocks, other equities and bonds have been traded through XETRA (Exchange Electronic Trading) since 1999. Derivative products (futures and options) started to trade through the Eurex trading system in April 2010. The financial instruments traded on Wiener Börse are allocated to different market segments; equity market.at (shares), bond market.at (bonds), derivatives market.at (derivatives), structured products.at (certificates, exchange traded funds, investment funds and warrants) and other securities.at (shares, participation certificates). The range of Austrian stock market indexes calculated by Wiener Börse includes

ATX (comprises the blue chips listed on Wiener Börse AG), ATX Prime (contains all shares listed on the prime market), ATX five (consists of the five shares with the highest weighting in the ATX), Immobilien-ATX (Austrian Real Estate Securities Index) and WBI (Wiener Börse Index contains all shares listed on the Official and Semi-Official Market).

The increasingly benign capital markets environment contributed to investors' risk appetite. However, concerns about the sustainability of public finances in some euro area countries repeatedly overshadowed the improved financial market conditions in 2010 and contributed to volatility spikes. The Vienna stock exchange saw an uptrend in 2010, with the Austrian stock index ATX gaining 16.4 per cent.. Market capitalisation in Austria increased by some 18 per cent. to almost €94 billion and amounted to 32 per cent. of GDP at the end of 2010. At the same time, average monthly trading volumes slightly increased compared with 2009 at roughly €6.1 billion. Equity trading volume was, however, about 60 per cent. lower than compared to the record in 2007. In 2010 the turnover equated to 98 per cent. of the year's average market capitalisation, compared to 112 per cent. in 2009. The overall conditions in the equity market for raising capital were sluggish. There were no IPOs on the Vienna stock exchange. Capital increases amounted to €0.8 billion in 2010. Austrian stock prices firmed in line with stocks from Central, Eastern and South-Eastern European countries, posting a better performance than Euro area peers.

Public Finance

Outline of Public Finance and Taxation System

Federal Budget

The fiscal year for the federal budget is the calendar year. Before the beginning of each year, the federal government submits the proposed annual budget of estimated receipts and expenditures to Parliament (Nationalrat). All central government expenditures and revenues must be approved annually by Parliament.

Any increase or shift in expenditures requires the approval by the *Nationalrat* of a supplementary budget law authorising such increase. However, the Minister of Finance has limited discretionary authority (defined by the Federal Budget Accounting Act and the Federal Budget Act) to increase or shift authorised expenditures provided that additional revenues are available. Financial deficits are mostly financed through borrowing in domestic currency (Euro). Again the approved amount must not be exceeded. If revenues are less than expected, a special budget law must be submitted to Parliament that authorises additional borrowing. However, the Minister of Finance can finance cyclical shortfalls in revenues of up to 3 per cent., but must report to Parliament on such operations.

Implementation of the budget is subject to the control of the Austrian Court of Accounts (Rechnungshof), which reports directly to Parliament.

Taxation

The principal taxes levied by the Republic of Austria are taxes on personal and corporate incomes and value-added tax ("VAT"). Personal income taxation is progressive, with a top marginal rate of 50 per cent. on taxable income in excess of €60,000. For employees, this top marginal rate is reduced to about 43 per cent. by statutory tax allowances for 1/6 of the yearly income. Corporate income is subject to a flat rate of 25 per cent. (until 2004: 34 per cent.). The standard VAT rate is 20 per cent., a reduced rate of 10 per cent. is applied to most basic goods and services. By international comparison, effective direct taxation is low and indirect taxation is above average.

Under Austrian law, a fraction of the taxes collected by the federal government must be remitted to the provinces and municipalities under a revenue-sharing plan. The fractions and the taxes involved, and the basis

of distribution among the provincial and local entities are negotiated periodically among federal and other governmental authorities. The last agreement of December 2007 covers the period 2008 to 2013.

Summary of Budget Transactions

The federal accounts (as set forth below) for the years 2005 to 2008 have been audited by the *Rechnungshof* and approved by the *Nationalrat*. The figures for the year 2009 have to be treated as provisional pending the publication of the statement of accounts. The accounts for 2010 represent the budget as approved by the *Nationalrat*.

Ordinary Budget Revenues

	2005	2006	2007	2008	2009 ⁽¹⁾	2010 ⁽²⁾
(Millions of EUR)						
Total taxes and levies, gross	57,156	60,398	64,695	68,528	63,314	64,045
Of which:						
Personal Income Tax	2,538	2,525	2,629	2,742	2,605	1,900
Wage Tax	16,932	18,092	19,664	21,308	19,898	20,300
Tax on Interest	1,280	1,376	1,879	2,177	1,871	1,800
Corporate Income Tax	4,418	4,833	5,741	5,934	3,834	4,500
Value Added Tax	19,442	20,171	20,832	21,853	21,628	22,100
Mineral Oils Tax	3,565	3,553	3,689	3,894	3,800	3,900
Other Taxes and Levies	8,980	9,848	10,261	10,620	9,679	9,545
Less						
transfers to provinces and municipalities, funds, etc	(16,810)	(17,470)	(18,873)	(21,517)	(23,397)	(23,014)
Transfers to the European Union	(2,314)	(2,470)	(2,188)	(2,050)	(2,279)	(2,400)
Taxes revenue, net	38,038	40,454	43,635	44,961	37,638	38,631
Transfers from tax revenues	1,602	1,704	1,803	1,708	1,493	1,534
Tax-like revenues (unemployment insurance contributions, employers' contributions, etc.)	7,804	8,140	8,220	9,117	9,245	9,332
Other sources	14,049	15,847	15,804	14,948	13,995	8,095
Total	61,493	66,145	69,462	64,438	62,371	57,592

Note:

(1) Preliminary.

(2) As approved by the Nationalrat.

Ordinary Budget Expenditures

	2005	2006	2007	2008	2009 ⁽¹⁾	2010 ⁽²⁾
	(Millions of EUR)					
I. General Account						
Federal Government:						
Office of the President	6	7	7	7	7	8
Federal Legislature	185	121	125	130	144	161
Constitutional Court	8	8	8	9	10	11
Administrative Court	12	13	13	14	16	16
Public Attorney's Office	5	5	5	6	6	7
Court of Accounts	23	23	25	27	29	29
Federal Chancellery	426	440	464	472	309	345
Interior Affairs	1,985	2,159	2,144	2,235	2,306	2,362
Education and Culture	6,187	6,401	6,621	6,795	7,125	7,228
Arts and Culture.....	225	227	227	411	436	431
Science and Research	3,259	3,325	3,515	3,066	3,395	3,744
Social Affairs and Generations .	1,900	1,941	2,008	2,113	2,221	2,350
Consumer Protection						
Social Security	6,937	7,354	7,317	7,670	8,693	8,842
Health and Women	620	636	651	790	852	994
Family Generations and Youth						
Consumer Protection.....	6,100	5,892	5,891	6,037	6,188	6,645
Foreign Affairs	379	398	410	416	409	441
Justice	989	999	1,086	1,117	1,163	1,167
National Defence and Sports	1,797	1,733	2,188	2,171	2,101	2,250
Financial Administration	1,797	1,809	1,858	958	964	1,199
Treasury Operations	1,195	1,393	2,199	8,192	298	720
Tax Collection	2	2	3	3	48	3
Grants to Provinces and Municipalities	4,351	4,555	4,763	3,991	684	672
Federal Property	625	1,282	782	2,281	973	2,042
Pensions	6,871	7,039	7,174	7,369	7,634	7,773

Public Debt Services incl. Swaps	9,609	11,609	11,977	6,804	6,728	8,080
Agriculture, Forestry and Water economy	2,294	2,319	2,037	2,181	2,252	2,212
Environment	493	475	493	534	698	790
Commerce and Employment ⁽³⁾	5,527	5,968	5,753	390	465	481
Commerce (Research)	-	-	-	75	76	105
Employment	-	-	-	4,860	5,874	6,397
Transportation, Innovation and Technology	2,235	2,429	2,588	2,470	2,127	2,410
Transportation, Innovation and Technology (Research)	-	-	-	409	330	352
Financial Market Stability	-	-	-	-	4,896	503
Total Federal Expenditures	66,041	70,561	72,332	73,999	69,457	70,767
Net Deficit	-4,548	-4,417	-2,870	-9,564	-7,080	-13,176
II. Financing Account						
Expenditure	32,271	39,090	57,130	42,190	45,266	96,251
Revenue	36,819	43,506	60,000	51,755	52,346	109,427
Surplus	4,548	4,417	2,870	9,564	7,080	13,176

Note:

- (1) Preliminary.
- (2) As approved by the Nationalrat.
- (3) From the year 2009, the entry "Commerce and Employment" was split into three entries, "Commerce and Employment", "Commerce (Research)" and "Employment".

Source: Ministry of Finance

Public Debt

Direct Debt Outstanding at 31 December 2010

The following table sets forth the direct domestic and external debt (bonds and loans) of Austria outstanding at 31 December 2010, together with the interest payments thereon made by Austria in 2010.

	Amount Outstanding as at 31 December 2010⁽¹⁾	Interest Payments made in 2010
<i>(Euro Million)</i>		
Domestic		
Bond Debt.....	169,071	6,186
Other Debt	13,815	601

	Amount Outstanding as at 31 December 2010⁽¹⁾	Interest Payments made in 2010
Total	182,886	6,787
-Holdings of own Bonds.....	(9,972)	
Total	172,914	
External		
Payable in U.S. Dollars	-	-
Payable in Swiss Francs	2,476	98
Payable in Yen	1,380	53
Total	3,856	151
-Holdings of own Bonds.....	(0)	
Total	3,856	
Total Direct Debt	186,742	6,938
-Holdings of own Bonds.....	(9,972)	
Total	176,770	

Note:

(1) Computed on the basis of the following rates of exchange used by the Austrian Federal Financing Agency for uniform valuation purposes, as of 31 December 2010:

US\$/€ = 1.3362 CHF/€ = 1.2504 JPY/€ = 108.65

Conversion Rate: €/ATS = 13.7603

Source: Austrian Federal Financing Agency

Federal government debt in Million EUR (by term of maturity):

in Million EUR	As of 31.12.2011	As of 31.01.2012
Term to maturity		
Short-term (1 year)	17.092	16.038
payable in foreign currency	1.976	1.162
Medium-term (1 - 5 years)	59.754	60.424
payable in foreign currency	206	208
Long-term (5+ years)	106.330	111.464
payable in foreign currency	443	442
Average term to maturity in years	8,11	8,49

Source: Austrian Federal Financing Agency⁷

⁷ The information is taken from the homepage of the Austrian Federal Financing Agency: <http://www.oebfa.at/en/budgetdebt/pages/federalgovernmentdebt.aspx#> and not from the Annual Securities Report of the Republic of Austria published 6 July 2011.

Five-Year Data

The following table sets forth the total direct debt of Austria outstanding at 31 December for the years indicated.

	31 December				
	2006	2007	2008	2009	2010
	<i>(Euro Million)</i>				
Domestic.....	146,966	150,006	160,053	172,985	182,886
External ⁽¹⁾	8,319	7,294	7,870	5,092	3,856
Total.....	155,285	157,300	167,923	178,077	186,742
-Holdings of own Bonds.....	(10,020)	(9,924)	(5,952)	(9,362)	(9,972)
Total.....	145,265	147,376	161,971	168,715	176,770

Note:

(1) Translated into € at the exchange rates prevailing at 31 December of each year indicated.

Source: Austrian Federal Financing Agency

Guaranteed Debt

In addition to its direct debt, Austria has guaranteed the payment of the principal of, and interest on, certain obligations of public agencies, enterprises in which Austria has an ownership interest, and of others pursuant to the Export Guarantees Act and Export Financing Guarantees Act. The major portion of the debt guaranteed by Austria has been guaranteed pursuant to the Export Guarantees Act and the Export Financing Guarantees Act. The following table sets forth the principal amount of debt guaranteed by Austria outstanding at 31 December of each of the years indicated.

	31 December				
	2006	2007	2008	2009	2010
	<i>(Euro Million)</i>				
Domestic.....	49,588	61,900	80,518	92,038	95,991
External ⁽¹⁾	20,206	18,164	23,232	25,646	25,460
Total Guaranteed Debt⁽²⁾.....	69,794	80,064	103,750	117,84	121,451

Note:

(1) Translated into € at the exchange rates prevailing at 31 December of each year indicated.

(2) In addition, Austria is liable by law for all liabilities of the Austrian Postal Savings Bank assumed until 31 December 2000, which amounted to €2.2 billion as of 31 December 2010.

Source: Ministry of Finance

Debt Record

Austria has always paid promptly when due the full face amount of the principal of and interest on every obligation issued since 1945 in the currency of the country where payable. In addition, it has paid all amounts payable under its post-war agreements for settlements of its pre-war external debt. Since 1945, Austria has not

been called on to make any payments in respect of any indebtedness guaranteed by Austria except for payments in respect of indebtedness of foreign entities to Austrian exporters that were covered by export credit guarantees issued by Austria under the Export Guarantees Act and the Export Financing Guarantees Act or previous statutes.

Significant change

There are no significant changes to the information provided in this chapter which have occurred since the end of the last fiscal year and which may affect the ability of the Guarantor to fulfil its financial obligations under the Guarantee.

Legal and Arbitration Proceedings

There are no significant proceedings which may affect the ability of the Guarantor to fulfil its financial obligations under the Guarantee. Being a state, the Guarantor is generally entitled to claim immunity from suit in proceedings concerning its sovereign acts. However, the Guarantor has, to the extent that it is legally able to do so, irrevocably waived in the Master Guarantee any immunity to which it might otherwise be entitled in respect of any transactions under the Master Guarantee. Please refer to the Master Guarantee included in this Prospectus for further information.

TAXATION

Republic of Austria

The information provided below does not purport to be a complete summary of the tax law and practice currently applicable in the Republic of Austria. For their particular case, prospective investors should consult their own professional advisors. The following is a summary description of certain Austrian tax implications relating to the Notes held by investors that are not resident in Austria and based upon Austrian tax law currently in effect (which applies irrespective of whether payments are made by the Issuer or the Guarantor).

Interest payments

In the Republic of Austria, interest payments to non-residents (within the meaning of the respective Austrian tax law) in respect of the Notes in accordance with the terms and conditions of the Notes will be exempt from any Austrian income tax including any Austrian interest or withholding tax, as long as interest payments are made by disbursing agents located outside of Austria.

If interest payments are made by a disbursing agent located in Austria or the Issuer directly, a non-resident of Austria will, however, have to disclose his identity and foreign address and supply corroborating evidence thereof to ensure that no Austrian withholding tax, presently at 25 per cent., is deducted. In the case of individuals resident in other EU Member States, the non-resident will also have to supply a certificate of his home tax office in order to ensure that no Austrian EU withholding tax at a rate of 35 per cent. is deducted.

The holding of Notes in a clearing system has no influence on the tax treatment of the actual holder.

In relation to zero coupon Notes, the difference between the issue price and the redemption price or the purchase price will be considered taxable income. However, the same treatment as stated in the preceding paragraphs applies to the taxation of such capital income. Taxation, if any, only takes place at maturity or upon prior redemption or sale of the Notes.

Principal payments

There is no Austrian withholding tax on payments of principal.

Capital gains

Holders of Notes who are non-residents of Austria are not subject to Austrian tax on capital gains derived from the sale of the Notes. If the capital gains are paid out by an Austrian paying agent or Austrian custodian they have to be informed about the non-resident status in order to forego Austrian withholding tax.

Inheritance and gift tax

The Inheritance and Gift Tax Act was repealed by a decision of the Austrian Constitutional Court with effect as of 1 August 2008. The Austrian parliament did not enact other inheritance and gift tax provisions, but opted for an obligation to notify gifts exceeding certain amounts.

The above summary is not exhaustive. It does not take into account special considerations that may apply in a particular situation. Investors and other interested parties should obtain individual tax advice in connection with the acquisition and holding as well as the sale or repayment of the Notes.

Luxembourg

The comments below regarding withholding tax in Luxembourg are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Under Luxembourg tax law currently in effect and subject to the laws of 21 June 2005 and the law of 23 December 2005 as amended (for details, please see below), there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) under the Notes or upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes, except for payments made to individual Noteholders and to residual entities (see below).

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/ EC on the taxation of savings income (the “Savings Directive”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and that have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC).

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

A 10 per cent. withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC, as replaced by the Council Directive 2009/65/EC, or for the exchange of information regime) (the “10 per cent. Luxembourg Withholding Tax”). Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the “10 per cent. tax”) on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the Savings Directive. The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg.

Only interest accrued after 1 July 2005 falls within the scope of the withholding tax. This 10 per cent. Luxembourg Withholding Tax or 10 per cent. tax represents the final tax liability for Luxembourg individual resident taxpayers receiving the interest payment in the course of their private wealth.

EU Directive on the Taxation of Savings Income

The EU has adopted the European Council Directive 2003/48/EC implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (the "Savings Directive"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Luxembourg and Austria may instead impose a withholding system for a transitional period unless during such period they elect otherwise (note regarding Austria: subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). A number of third countries and territories including Switzerland have adopted similar measures to the Savings Directive.

Austria implemented the EU Savings Tax Directive into Austrian law by the "EU Withholding Tax Act".

The Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union were implemented in Luxembourg by two laws dated 21 June 2005 (the "**Laws**"). Under the Savings Directive and the Laws, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Investors should note that the European Commission adopted a new draft Savings Directive, which, among other changes, seeks to extend the application of the Savings Directive to (i) payments channelled through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to savings income. Further developments in this respect should be monitored on a continuing basis, since no certainty exists over whether and when the proposed amendments to the Savings Directive will be implemented. Investors who are in any doubt as to their position should consult their professional advisors.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 15 March 2012 (as supplemented or amended from time to time, the “Dealer Agreement”) between the Issuer, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

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

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

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent or, in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive (or Section 6 CMA respectively).

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

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

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for

the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”)

- (ii) 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 or the Guarantor and
- (iii) 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.

Japan

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

France

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

- (i) Offer to the public in France

it has only made and will only make an offer of Notes to the public in France in the period beginning on the date of notification to the *Autorité des marchés financiers* (“AMF”) of approval of the prospectus in relation to those Notes, by the competent authority of a Member State of the European Economic Area, other than the AMF, which has implemented the EU Prospectus Directive 2003/71/EC, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF and ending at the latest on the date which is 12 months after the date of the approval of the prospectus; or

- (ii) Private placement in France

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant final terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with articles L.411-1, L.411-2 and D.411-1 to 411-3 of the French *Code monétaire et financier*.

This Prospectus has not been submitted to the clearance procedures of the AMF.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Schemes Act ("CISA") and neither this document nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

In addition, the Notes do not constitute a participation in a collective investment scheme in the meaning of CISA and they are neither subject to approval nor supervision by the Swiss Financial Markets Supervisory Authority FINMA ("FINMA") or any other regulatory authority in Switzerland. Therefore, investors in the Notes do not benefit from protection under CISA or supervision by FINMA or any other regulatory authority in Switzerland.

General

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

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall comply with all relevant laws, regulations and directives in each jurisdiction (including but not limited to the laws of the United Kingdom and Austria (such as the Austrian Capital Markets Act or Austrian Stock Exchange Act)) in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft

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

Guaranteed by the Republic of Austria

under the €12,000,000,000

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 set forth in the Prospectus dated 15 March 2012 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

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

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1	(i) Issuer:	Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft
	(ii) Guarantor:	Republic of Austria
2	[(i)] Series number:	[●]
	[(ii)] Tranche Number:	[●]
	(If fungible with an existing series, details of that series, including the date on which the notes become fungible.)	
3	Specified Currency(ies):	[●]
4	Aggregate nominal amount of notes admitted to trading:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6	(i) Specified Denominations:	[●] [●]
		<i>(N.B. Where multiple denominations above €100,000 (or equivalent) are being used the following sample wording should be followed: “[€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].”)</i>
	(ii) Calculation Amount:	[●]
		<i>(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)</i>
7	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	[Specify date or (for floating rate notes) interest payment date falling in or nearest to the relevant month and year]
9	Interest Basis:	[[●] per cent. Fixed rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest]

- [Other (*specify*)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor put]
[Issuer call]
[(further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]]
[(ii)] Status of the Guarantee: [Senior/[Dated/Perpetual]]
[(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●], respectively]
(*N.B. only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)]
- 14 Method of distribution: [Syndicated/Non-syndicated]
- Provisions Relating to Interest (if any) Payable**
- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[s] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[s]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date following [in/on] [●]
[Insert particulars of any initial or final broken interest amounts which do not correspond with the fixed coupon amount[s]]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

16	Floating Rate Note Provisions	<p>[Applicable/Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)</p> <p>(i) Interest Period(s): [●]</p> <p>(ii) Specified Interest Payment Dates: [●]</p> <p>(iii) First Interest Payment Date: [●]</p> <p>(iv) Interest Period Date: [●] (Not applicable unless different from Interest Payment Date)</p> <p>(v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]</p> <p>(vi) Business Centre(s): [●]</p> <p>(vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]</p> <p>(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]</p> <p>(ix) Screen Rate Determination: – Reference rate: [●] – Interest determination date(s): [●] – Relevant screen page: [●]</p> <p>(x) ISDA Determination: – Floating rate option: [●] – Designated maturity: [●] – Reset date: [●]</p> <p>(xi) Margin(s): [+/-] [●] per cent. per annum</p> <p>(xii) Minimum Rate of Interest: [●] per cent. per annum</p> <p>(xiii) Maximum Rate of Interest: [●] per cent. per annum</p> <p>(xiv) Day Count Fraction: [●]</p> <p>(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]</p>
17	Zero Coupon Note Provisions	<p>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)</p> <p>(i) Amortisation Yield: [●] per cent. per annum</p> <p>(ii) Any other formula/basis of determining amount payable: [●]</p>

18	Index Linked Interest Note/other Variable-Linked Interest Note Provisions	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Index/Formula/other variable: [give or annex details]</p> <p>(ii) Party responsible for calculating the Rate(s) of Interest (if not the Calculation Agent): [●]</p> <p>(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]</p> <p>(iv) Interest Determination Date(s): [●]</p> <p>(v) Description of any market disruption or settlement disruption events that affect Index and/or Formula and/or other variable: [●]</p> <p>(vi) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]</p> <p>(vii) Interest period(s): [●]</p> <p>(viii) Specified Interest Payment Dates: [●]</p> <p>(ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]</p> <p>(x) Business Centre(s): [●]</p> <p>(xi) Minimum Rate of Interest: [●] per cent. per annum</p> <p>(xii) Maximum Rate of Interest: [●] per cent. per annum</p> <p>(xiii) Day Count Fraction: [●]</p>
19	Dual Currency Note Provisions	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]</p> <p>(ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [●]</p> <p>(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]</p> <p>(iv) Person at whose option Specified Currency(ies) is/are payable: [●]</p>

Provisions Relating to Redemption

20	Call Option	<p>[Applicable/Not Applicable] <i>(if not applicable, delete the remaining</i></p>
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		<i>sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(A) Minimum Redemption Amount:	[●] per Calculation Amount
	(B) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
21	Put Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
22	Final Redemption Amount of each Note	[●] per Calculation Amount
	In cases where the Final Redemption Amount is index linked or other variable-linked:	
	(i) Index/Formula/variable:	<i>[give or annex details]</i>
	(ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent):	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Determination Date(s):	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Payment Date:	[●]
	(vii) Minimum Final Redemption Amount:	[●] per Calculation Amount
	(viii) Maximum Final Redemption Amount:	[●] per Calculation Amount
23	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the	[●]

Conditions):

General Provisions applicable to the Notes

24	Form of Notes:	[Bearer notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] ⁸ [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Exchangeable Bearer Note exchangeable for Registered Notes] [Registered Notes] [Yes] [No] [Yes] [No]
25	(i) New Global Note [*] :	[Yes] [No]
	(ii) Global Certificate held under the New Safekeeping Structure:	[Yes] [No]
26	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/ <i>give details</i> . <i>Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(iv) and 18(ix) relates]</i>
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. <i>If yes, give details</i>]
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/ <i>give details</i>]
29	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i>]
30	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [●]] apply]
31	Consolidation provisions:	[Not Applicable/The provisions [in Condition [●]] apply]

⁸ If the Temporary Global Note is exchangeable for definitives at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.

^{*} You should only elect "Yes" opposite "New Global Note" if you have elected "Yes" to the section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

32 Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Distribution

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

Purpose of Final Terms

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €12,000,000,000 Euro Medium Term Note Programme of Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft.

Responsibility

The Issuer, with its registered office in Rotenturmstrasse 5-9, A-1011 Vienna, Austria, accepts responsibility for the information contained in these Final Terms. The Issuer has taken all reasonable care to ensure that the information contained in these Final Terms is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. [[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft

By:
 [Managing Director]

By:
 [Managing Director]

PART B – OTHER INFORMATION

1 Listing

- (i) Admission to trading: [Application has been made for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [●]] [Not Applicable.]
(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading).
- (ii) Estimate of total expenses related to admission to trading: [●]

2 Ratings

- Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[[Other]: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3 [Notification]

The *Austrian Financial Market Authority* [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the *Commission de Surveillance du Secteur Financier* [*include names of competent authorities of other host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4 [Interests of Natural and Legal Persons involved in the [Issue/Offer]

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

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

5 Reasons for the Offer, Estimated Net Proceeds and Total Expenses

- (i) Reasons for the offer: [●]
(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- (ii) Estimated net proceeds: [●]

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

[(iii)] Estimated total expenses:

[•]

[Include breakdown of expenses.]

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6 **[Fixed Rate Notes only – YIELD]**

Indication of yield:

[•]

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

7 **[Index-Linked or other variable-linked Notes only – Performance of Index/ Formula/ Other Variable and Other Information concerning the Underlying]**

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

8 **[Dual Currency Notes only – Performance of Rate[s] of Exchange]**

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

9 **Operational Information**

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

[Yes][No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] 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.] *[include this text if “yes” selected in which case bearer Notes must be issued in NGN form]*

ISIN Code:

[•]

Common Code:

[•]

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking société anonyme and Oesterreichische Kontrollbank AG,

[Not Applicable/give name(s) and number(s) [and address(es)]]

and the relevant identification number(s):

Delivery:

Delivery [against/free of] payment

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

[•]

10 **General**

Applicable TEFRA exemption:

[C Rules/D Rules/Not Applicable]

GENERAL INFORMATION

- (1) Application has been made for the Programme, and may be made for Notes issued under the Programme, to be admitted to the Markets.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of Austria in connection with the establishment of the Programme. The establishment of the Programme has been authorised by resolutions of the Board of Management of the Issuer dated 26 August 2003 (which was authorised by the Supervisory Board of the Issuer on 27 August 2003). The increase from €10bn to €12bn has been authorised by the Board of Management of the Issuer and the Supervisory Board of the Issuer on 24 November 2011. The giving of one or more Master Guarantees relating to the Programme by the Guarantor is authorised pursuant to Article II Sec 5 ASFINAG Act, Federal Law Gazette No. 1982/591, as amended and the relevant Austrian Budget Act 2012, Federal Law Gazette I No. 2011/110.
- (3) There has been no significant change in the financial or trading position of the Group since 31 December 2010 and no material adverse change in the prospects of ASFINAG since 31 December 2010.
- (4) Neither ASFINAG nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ASFINAG is aware) during the 12 months preceding the date of this Prospectus which are likely to have or have had in the recent past significant effects on ASFINAG's and/or the Group's financial position.
- (5) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems as well as through the Direct Settlement Advanced system of the Oesterreichische Kontrollbank. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of Oesterreichische Kontrollbank AG is Strauchgasse 3, A-1010 Vienna. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (7) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (8) Copies of the latest annual report and accounts of the Issuer may be obtained, and copies of the Agency Agreement, the Master Guarantees from time to time in effect, the Deed of Covenant, each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Notes and identity), the relevant Budget Act (*Bundesfinanzgesetz*) and the Articles of Association of ASFINAG will be available for inspection, at the specified offices of

each of the Paying Agents during normal business hours for so long as Notes may be issued pursuant to this Prospectus.

- (9) Ernst & Young Wirtschaftsprüfungsgesellschaft mbH, Independent Auditors (regulated by the Kammer der Wirtschaftstreuhänder, authorised by law from the Ministry of Economics and Labour of the Republic of Austria), have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the two years ended 31 December 2009 and 2010.

DEFINITIONS

10 per cent. Luxembourg Withholding Tax	The 10 per cent. withholding introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).
10 per cent. tax	The 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the Savings Directive, which, pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay.
ACC	Austrian Commercial Code.
AEC	Austrian Enterprise Code.
Agency Agreement	The amended and restated agency agreement dated 15 March 2012 between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it, as amended or supplemented from time to time.
Alternative Clearing System	In relation to any Tranche, such other major clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
AMF	The <i>Autorité des marchés financiers</i> in France.
Amortised Face Amount	As defined in Condition 6(b)(i) of the Conditions.
Amortised Yield	As defined in Condition 6(b)(i) of the Conditions.
Amtlicher Handel	The Official Market of the Vienna Stock Exchange.
an offer of Notes to the public	As defined in “Subscription and Sale – Public Offer Selling Restriction Under the Prospectus Directive” of this Prospectus.
ASFINAG	Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft
ATX, ATX Prime, ATX five, Immobilien-ATX and	As defined in “The Guarantor – Monetary and

WBI	Financial System – Capital Markets” of this Prospectus.
Austria	The Republic of Austria.
Bank	A bank in the principal financial centre for the relevant currency or, in the case of euro, in a city in which banks have access to the TARGET System.
Budget Act	Article II Sec 5 ASFINAG Act, Federal Law Gazette No. 1982/591, as amended and the relevant Austrian annual budget act for the year 2012 (Federal Law Gazette I 110/2011).
Bearer Notes	Notes issued in bearer form only.
Bundesländer	The nine constituent provinces of Austria.
Bundesrat	The upper house of the federal government of Austria.
Business Day	As defined in Condition 5(j) of the Conditions.
business day	As defined in Condition 2(d) or Condition 7(h) (as applicable) of the Conditions.
Business Day Convention	The applicable Business Day Convention specified in Condition 5(b)(ii) of the Conditions.
CF@R	The cashflow-at-risk figure for assessing commercial risk.
C Rules	U.S. Treas. Reg. §1.163- 5(c)(2)(i)(C).
Calculation Agent	Deutsche Bank AG, London Branch.
Calculation Period	As defined in Condition 5(j) of the Conditions.
CEEC 21	The 21 Central and Eastern European Countries.
Certificate	A certificate representing Notes in registered form.
CESEE	The region of countries in central, eastern and southeastern Europe.
CFSP	The EU’s Common Foreign and Security Policy.
CHF	Swiss francs.
CIF	Cost Insurance Freight.
Classic Global Notes/CGNs	Global Notes not issued in NGN form.
Clearstream, Luxembourg	Clearstream Banking, société anonyme.
CMA/ Kapitalmarktgesetz	The Austrian Capital Markets Act.
Common Depositary	The common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Common Safekeeper	A common safekeeper for Euroclear and Clearstream, Luxembourg.
Conditions	The Terms and Conditions of the Notes as set out in “Terms and Conditions of the Notes” of this Prospectus, as supplemented by the relevant Final

Contracts (Rights of Third Parties) Act 1999	Terms. The Contracts (Rights of Third Parties) Act 1999, enacted in the United Kingdom to make provision for the enforcement of contractual terms by third parties.
Couponholders	The holders of the interest coupons and talons where applicable.
Coupons	The interest coupons for interest bearing Notes in bearer form.
D Rules	U.S. Treas. Reg. §1.163- 5(c)(2)(i)(D).
Day Count Fraction	As defined in Condition 5(j) of the Conditions.
Dealer Agreement	Amended and Restated Dealer Agreement dated 15 March 2012, as supplemented or amended from time to time.
Dealers	All Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Deed of Covenant	The Deed of Covenant dated 25 September 2006 executed by the Issuer, as amended or supplemented from time to time.
Definitive Notes	In relation to any Global Note, the definitive Bearer Notes for which the Global Note may be exchanged.
Designated Maturity	As defined in the ISDA Definitions.
Determination Date	The date(s) specified as such on the Notes or, if none is so specified, the Interest Payment Date(s).
Determination Period	The period from and including a Determination Date in any year to but excluding the next Determination Date.
Dual Currency Notes	Notes with payments (whether in respect of principal or interest and whether at maturity or otherwise) which will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
Early Redemption Amount	As set out in the relevant Final Terms.
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBT	Earnings before taxes.
ECOFIN	European Council of Economics and Finance Ministers.
EEA	European Economic Area.
ESCB	European System of Central Banks.
ESDP	The EU's European Security and Defence Policy.

ESSPROS	The European system of integrated social protection statistics, which is a common framework developed in the late 1970s by EUROSTAT and the European Union Member States providing a coherent comparison of social benefits to households and their financing between European countries, thus making an international comparison of the administrative national data on social protection possible.
EU	The European Union.
EUR/Euro/euro/€	The currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.
EURIBOR	Euro Inter-Bank Offer Rate - the rate at which banks borrow from one another on the Euro wholesale money market.
Euro-zone	The region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community, as amended.
Euroclear	Euroclear Bank S.A./N.V.
EUROSTAT	EU official statistics office.
Eurosystem	EU monetary authority.
Events of Default	Those events specified in Condition 10 of the Conditions.
Exchange Date	In relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.
Exchangeable Bearer Notes	Notes in bearer form exchangeable for Registered Notes.
Exercise Notice	Put option exercise notice.
Extraordinary Resolution	As defined in the Agency Agreement.
FOB	Free on board.
FDI	Foreign direct investment.
Federal Constitution	The Austrian Federal Constitution Act of 1920, as amended.

Final Terms	The final terms to be completed in relation to each Tranche in the form set out in this Prospectus.
Financial Centres	Banks and foreign exchange markets which are open for business in the relevant place of presentation, in such jurisdictions and specified as Financial Centres on the Notes.
Financial Instruments and Exchange Law	The Financial Instruments and Exchange Law of Japan.
Financing Agency	Austrian Federal Financing Agency.
Fiscal Agent	Deutsche Bank AG, London Branch.
Floating Rate	As defined in the ISDA Definitions.
Floating Rate Business Day Convention	As defined in Condition 5(b)(ii) of the Conditions.
Floating Rate Option	As defined in the ISDA Definitions.
FMA	The Austrian Financial Market Authority (<i>Österreichische Finanzmarktaufsicht</i>) in its capacity as competent authority under the Austrian Capital Markets Act.
FSMA	The Financial Services and Markets Act 2000.
Following Business Day Convention	As defined in Condition 5(b)(ii) of the Conditions.
GBP/Sterling/pounds/£	Pounds sterling.
GDP	Gross domestic product.
Geregelter Freiverkehr	The Second Regulated Market of the Vienna Stock Exchange.
Global Certificates	Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems.
Group	The Issuer and the Issuer's subsidiaries and affiliates taken as a whole.
Guarantee	The obligations of the Guarantor contained in the Master Guarantee.
Guarantee Allowance	The maximum threshold authorised by the relevant Budget Act.
Guarantor	The Republic of Austria.
GVA	Gross value added.
holder	In relation to a Note, Receipt, Coupon or Talon, the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered.
IAS	International Accounting Standards.
ICMA	International Capital Markets Association.
ICSD	International Central Securities Depository.

IFRS	International Financial Reporting Standards.
Infrastructure Financing Act	Infrastructure Financing Act 1997 (Federal Law Gazette I 113/1997).
Index Linked Interest Notes	Notes where payments of interest will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Index Linked Redemption Notes	Notes where payments of principal will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Interest Accrual Period	The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.
Interest Amount	<p>In respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Conditions, shall mean the Fixed Coupon Amount or Broken Amount specified in the Conditions as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part.</p> <p>In respect of any other period, the amount of interest payable per Calculation Amount for that period.</p>
Interest Commencement Date	Issue Date or such other date as may be specified in the Conditions.
Interest Determination Date	With respect to a Rate of Interest and Interest Accrual Period, the date specified in the Conditions, or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.
Interest Period	The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

Interest Period Date	Each Interest Payment Date unless otherwise specified in the Conditions.
Investor's Currency	The currency or currency unit in which an investor's financial activities are principally denominated.
ISDA	The International Swaps and Derivatives Association.
ISDA Definitions	The 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (unless otherwise specified in the Conditions).
ISDA Rate	The ISDA Rate for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which the Floating Rate Option and the Designated Maturity is a period specified in the Conditions and the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Conditions.
ISIN	International Securities Identification Number
Issue Date	As set out in the Final Terms in relation to any Tranche or in relation, to any references in the Conditions, the first issue date of the Notes.
Issuer	Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft.
JPY /¥	Japanese yen.
Kapitalmarktgesetz	The Austrian Capital Markets Act.
Laws	The two laws of Luxembourg dated 21 June 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union.
LIBOR	London Inter-Bank Offer Rate – the rate at which banks borrow from one another on the London wholesale money market.
listed	Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Markets or on other regulated or unregulated markets or other stock exchanges.
Markets	The Amtlicher Handel (Official Market) and the Geregelter Freiverkehr (Second Regulated Market) of the Vienna Stock Exchange and the regulated market of the Luxembourg Stock Exchange.
Master Guarantee	The master guarantee(s) from time to time executed by the Guarantor.

Member State	Member countries of the EU.
Ministry	Austrian Ministry for Transport, Innovation and Technology.
Modified Following Business Day Convention	As defined in Condition 5(b)(ii) of the Conditions.
NACE	The Statistical Classification of Economic Activities in the European Community (in French: <i>Nomenclature statistique des activités économiques dans la Communauté européenne</i>), commonly referred to as NACE, is a European industry standard classification system developed by the European Union on the basis of ISIC Rev.3 (<i>International Standard Industrial Classification of all Economic Activities</i>) of the United Nations.
National Accounts	Standardised system of accounts which show key macro-economic variables as transactions or balances.
Nationalrat	The lower house of the federal government of Austria.
NGN	New global note.
Non-exempt Offer	An offer of Notes made other than pursuant to Article 3(2) of the Prospectus Directive in a Relevant Member State.
note issues	Any indebtedness, present or future, represented by notes or other securities which are, or are to be, quoted, listed or traded on any stock exchange or over-the-counter or securities market.
Noteholder	The bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered.
Notes	Guaranteed Euro Medium Term Notes issued under the Programme.
NSS	The new safekeeping structure which applies to Registered Notes held in global form by a Common Safekeeper for Euroclear and Clearstream, Luxembourg and which is required for such Registered Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations.
OECD	The Organisation for Economic Cooperation and Development.
OeNB	Oesterreichische Nationalbank, Central Bank of Austria.
Oesterreichische Kontrollbank	Oesterreichische Kontrollbank Aktiengesellschaft.

Optional Redemption Amount	As set out in the Final Terms.
OSCE	The Organisation for Security and Cooperation in Europe.
Partly Paid Notes	Notes where the issue price of which will be payable in two or more instalments.
Paying Agents	Credit Suisse AG Deutsche Bank AG, London Branch Deutsche Bank Luxembourg S.A. Oesterreichische Kontrollbank Aktiengesellschaft
Permanent Dealers	The persons listed in the “Description of the Programme” section of the Prospectus as Dealers and to such additional persons that are appointed as dealers pursuant to the Dealer Agreement in respect of the whole Programme (and whose appointment has not been terminated).
permanent Global Note	A permanent global note in bearer form representing the Notes.
PMPs	Professional market parties within the meaning of the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>).
Preceding Business Day Convention	As defined in Condition 5(b)(ii) of the Conditions.
principal	As defined in Condition 8 of the Conditions.
Programme	The Guaranteed Euro Medium Term Note Programme described in the Prospectus.
Prospectus Directive	Directive 2003/71/EC.
Rate of Interest	The rate of interest payable from time to time in respect of this Note and that is either specified in the Final Terms or calculated in accordance with the Conditions.
Receipts	The holders of the receipts for the payment of instalments of principal.
Rechnungshof	The Austrian Court of Accounts.
Record Date	The 15 th day before the due date for payment of an Instalment Amount.
Reference Banks	In the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the Conditions.
Reference Rate	The rate specified in the Conditions.

Register	The register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement.
Registered Notes	Notes in registered form only.
Registrar	The registrar as set out on page 128 of this Prospectus.
Relevant Date	In respect of any Note, Receipt or Coupon, the date on which payment in respect thereof first becomes due, but if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received.
Relevant Factor	The index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors by which the principal or interest of the Notes may be determined.
Relevant Implementation Date	The date on which the Prospectus Directive was implemented in a Relevant Member State.
Relevant Member State	Each Member State of the European Economic Area which has implemented the Prospectus Directive.
Relevant Screen Page	The page, section, caption, column or other part of a particular information service as may be specified in the Conditions.
Reset Date	As defined in the ISDA Definitions.
resident in Japan	For the purposes of the Japanese Selling Restriction this means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.
Savings Directive	The European Council Directive 2003/48/ EC implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income.
Securities Act	United States Securities Act of 1933.
Series	The series of Notes issued having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest).
Specified Currency	The currency specified in the Conditions or, if none is specified, the currency in which the Notes are denominated.
Specified Denominations	The denomination specified in the Final Terms, with the minimum specified denomination being €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Stabilising Manager(s)	The Dealer or Dealers (if any) named as the stabilising manager in the applicable Final Terms.
Swap Transaction	As defined in the ISDA Definitions.
Talons	Talons for further Coupons.
TARGET Business Day	A day on which the TARGET system is operating.
TARGET System	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.
TEFRA	United States Tax Equity and Fiscal Responsibility Act of 1982.
temporary Global Note	A temporary global note in bearer form in which Notes are first issued.
Tranche	Notes issued in a Series with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series.
Transfer Agents	Transfer agents as set out on page 128 of this Prospectus.
UCITS	Undertakings for collective investments in transferable securities under the Council Directive 85/611/EEC, as replaced by the Council Directive 2009/65/EC.
UN	The United Nations.
unit	The lowest amount of such currency that is available as legal tender in the countries of such currency.
U.S./US	United States.
U.S. Treas. Reg	United States Treasury Regulation.
V@R	The value-at-risk figure for assessing commercial risk.
VAT	Value-added tax.
Vienna Stock Exchange	Wiener Börse AG.
Wiener Börse	The Vienna Stock Exchange.
WIFO	Oesterreichisches Institut für Wirtschaftsforschung.

SIGNATURE

Signature according to the Austrian Capital Markets Act ("Kapitalmarktgesetz")

Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft, with its registered office in Rotenturmstrasse 5-9, A-1011 Vienna, Austria, is responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft (as Issuer)

By: 

Dr. Klaus Schierhackl
Managing Director

By: 

DI Alois Schedl
Managing Director

Vienna, 15. 3. 2012



BMF

**FEDERAL MINISTRY
OF FINANCE**

Dated 12 March 2012

Master Guarantee

of the

REPUBLIC OF AUSTRIA
(the "Guarantor")

relating to

Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft

€12,000,000,000

Guaranteed Euro Medium Term Note Programme

guaranteed by the
Republic of Austria

BINDER GRÖSSWANG

This Master Guarantee (the "**Master Guarantee**") is made on 12 March 2012 by the Republic of Austria (the "**Guarantor**") in favour of each Noteholder (as defined below) and each Relevant Account Holder (as defined in the Deed of Covenant referred to below):

Whereas

- A. Autobahnen- und Schnellstrassen-Finanzierungs-Aktiengesellschaft (the "**Issuer**") proposes to issue from time to time euro medium term notes under its €12,000,000,000 Guaranteed Euro Medium Term Note Programme (the "**Programme**") guaranteed by the Guarantor (the "**Notes**", which expression shall, if the context so admits, include the 2012 Notes (as defined below), bearer notes ("**Bearer Notes**") and registered notes ("**Registered Notes**") and global notes (in temporary or permanent form) to be initially delivered in respect of Notes and any related coupons, receipts and talons.
- B. This Master Guarantee is in respect of (i) Notes (the "**2012 Notes**") issued under the Programme from and including 1 January 2012 up to and including 31 December 2012, and (ii) amounts payable by the Issuer under the Deed of Covenant dated 25 September 2006 relating to the Programme (the "**Deed of Covenant**") and relating to Entries (as defined in the Deed of Covenant) in respect of the 2012 Notes, in relation to which the Guarantor confirmed in writing to Deutsche Bank AG, London Branch in its capacity as fiscal agent (or the respective successor fiscal agent) that its obligations under this Master Guarantee in respect of such Notes do not exceed the Guarantee Allowance (as defined below) for the year ended 31 December 2012 (the "**Guarantee Certificate**").
- C. This Master Guarantee is subject to and limited by a maximum threshold (the "**Guarantee Allowance**") as authorised in relation to the 2012 Notes, by the Austrian Budget Act for 2012 (*Bundesfinanzgesetz 2012*), Federal Law Gazette I No. 2011/110 (the "**Budget Act 2012**"). The euro equivalent amount of the Guarantee Allowance is applicable to obligations issued in other currencies as set out in the relevant Budget Act.
- D. Notes shall only be issued under the Programme in circumstances (i) where the Guarantor's obligations under this Master Guarantee in respect of such Notes shall not exceed the Guarantee Allowance for the year ended 31 December 2012, (ii) where the 2012 Notes issued under the Programme shall benefit from this Master Guarantee in accordance with the provisions of the Budget Act and the Act on Federal Budgets (*Bundeshaushaltsgesetz*), Federal Law Gazette 1986/213 as amended and (iii) where the Guarantor issued a Guarantee Certificate.

E. The Guarantor wishes to grant this Master Guarantee on the terms set out below in favour of the Noteholders.

1. Guarantee by the Republic of Austria

1.1. At the request of the Issuer and according to Article II Sec 5 ASFINAG Act (*ASFINAG-Gesetz*), Federal Law Gazette No. 591/1982, as amended, and the Budget Act, the Guarantor hereby irrevocably unconditionally guarantees pursuant to section 880a second half-sentence of the Austrian Civil Code (*Allgemeines Bürgerliches Gesetzbuch*) for the benefit of each holder of the 2012 Notes, each holder of the interest coupons (the "**Coupons**") or receipts for the instalments of principal (the "**Receipts**") appertaining thereto (together, the "**Noteholders**") and each Relevant Account Holder (for so long as the same has Direct Rights (as defined under the Deed of Covenant)) the due and punctual payment of

- (a) all amounts payable by the Issuer in respect of the 2012 Notes and such Coupons and Receipts, and
- (b) all amounts payable by the Issuer under the Deed of Covenant relating to Entries in respect of the 2012 Notes

when and as the same shall become due and payable, whether at maturity, upon redemption or otherwise, according to the terms thereof (the "**Guaranteed Obligations**"), it being agreed that Notes shall only be issued under the Programme and that this Master Guarantee is only effective in circumstances where (i) the Guarantor's obligations hereunder shall not exceed the Guarantee Allowance for the year ended 31 December 2012, (ii) where the 2012 Notes issued under the Programme shall benefit hereunder in accordance with the provisions of the Budget Act and the Act on Federal Budgets (*Bundeshaushaltsgesetz*), Federal Law Gazette No. 1986/213 as amended and (iii) where the Guarantor issued a Guarantee Certificate prior to the closing date of the Notes issue, as any amounts of principal or interest exceeding the Guarantee Allowance will not be guaranteed.

1.2. In the case of default by the Issuer in the punctual payment of all or any part of the Guaranteed Obligations, the Guarantor hereby agrees to pay or to cause to be paid the amount or amounts in respect of which such default has been made punctually when and as the same shall become due and payable, whether at maturity, upon redemption or otherwise, and as if such payment were made by the Issuer.

1.3. The Guarantor hereby agrees that its obligations hereunder shall be unconditional and irrevocable, irrespective of the recovery of any judgment against the Issuer or any action to enforce the same, any consolidation, merger,

conveyance or transfer by the Issuer or any other circumstance (including, but not limited to, any change in the constitution, legal structure or powers of the Issuer) which might otherwise constitute a legal or equitable discharge or defence of a guarantor. The Guarantor hereby waives, with respect to the Guaranteed Obligations, or the indebtedness evidenced thereby, diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require proceedings first against the Issuer, protest, notice and all demands whatsoever and covenants that this Master Guarantee will not be discharged except by complete performance of the Guaranteed Obligations.

- 1.4. This Master Guarantee constitutes the direct, unconditional, irrevocable and unsecured obligation of the Guarantor and ranks *pari passu* with all other loan or bond indebtedness of the Republic of Austria resulting from financial debts. So long as any amount payable in respect of the Guaranteed Obligations, remains outstanding, the Guarantor undertakes that it shall not create or permit to subsist any charge, pledge, encumbrance or other security interest in respect of any loan or bond indebtedness of the Republic of Austria resulting from financial debts unless, at the same time or prior thereto, this Master Guarantee is secured equally and rateably therewith and the instrument creating such charge, pledge, encumbrance or other security interests shall expressly state that this Master Guarantee is so secured.
- 1.5. The Guarantor represents, warrants and agrees that the execution, delivery and performance of this Guarantee by the Guarantor constitutes a private and commercial act rather than a public or governmental act. Under the laws of the Republic of Austria, neither the Guarantor nor any of its property has any immunity from jurisdiction of any court or from set-off or any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise), except for property used for the purposes of a diplomatic mission. The waivers of immunity by the Guarantor contained in this Guarantee, the consent by the Guarantor to the jurisdiction of the courts specified in this Guarantee, and the provisions that the laws of Austria shall govern this Guarantee are irrevocably binding on the Guarantor.

2. Benefit of the Master Guarantee

This Master Guarantee constitutes a contract in favour of the respective Noteholders as third party beneficiaries (*Vertrag zugunsten Dritten*) giving rise to the right of each such Noteholder to require performance of the obligations assumed hereby directly from the Guarantor and to enforce such obligations directly against the Guarantor. Each Noteholder may enforce its claims under this Master Guarantee directly in legal actions or proceedings against the

Guarantor without being required to institute legal actions or proceedings against the Issuer first.

3. Taxation

All payments by the Guarantor in implementation of this Master Guarantee will be made without deduction for or on account of any present or future taxes or duties of whatsoever nature imposed or levied within the Republic of Austria 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 Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Coupons and Receipts and the Relevant Accountholders under the Deed of Covenant after such deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the relevant Notes, Coupons and Receipts and the Relevant Accountholders under the Deed of Covenant, as the case may be, in the absence of such deduction, except that no such additional amounts shall be payable with respect to:

- (a) Bearer Notes, Coupons or Receipts presented for payment:
 - (i) in the Republic of Austria; or
 - (ii) 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
 - (iii) by or on behalf of a holder who is liable to such taxes or duties in respect of such Bearer Notes, Coupons or Receipts by reason of his having some connection with the Republic of Austria other than the mere holding of such Bearer Note, Coupon or Receipt; or
 - (iv) more than 30 days after the Relevant Date (as defined in the terms and conditions endorsed) 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; or
 - (v) where such deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of ECOFIN council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Bearer Notes or Coupons to another Paying Agent in a Member State of the European Union.
- (b) Registered Notes:
- (i) if the Certificate (as defined in the terms and conditions) in respect of such Registered Note is required to be surrendered and is surrendered in the Republic of Austria; or
 - (ii) 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
 - (iii) to a holder (or to a third party on behalf of a holder) where such holder is liable to such taxes or duties in respect of such Registered Note by reason of his having some connection with the Republic of Austria, other than the mere holding of such Registered Note or the receipt of the relevant payment in respect thereof; or
 - (iv) if the Certificate in respect of such Registered Note is required to be surrendered and is surrendered 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; or
 - (v) where such deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of ECOFIN council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.
- (c) a Relevant Account Holder under the Deed of Covenant:
- (i) where such deduction would not be required if the Relevant Account 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 Relevant Account Holder would have been able to avoid such deduction; or
 - (ii) who is subject to such taxes or duties, by reason of his having some connection with the Republic of Austria other than merely

having the relevant Entry credited to his Securities Account (as defined in the Deed of Covenant).

4. Governing Law and Jurisdiction

- 4.1. This Master Guarantee shall be governed by and construed in accordance with Austrian law.
- 4.2. The Guarantor irrevocably and unconditionally submits to the jurisdiction of the competent courts of the Republic of Austria (being at the date hereof the courts of Vienna) for all purposes in connection with this Master Guarantee provided that such submission shall not prevent any such proceedings being taken in any other competent courts.
- 4.3. To the extent that it is legally able to do so, the Guarantor hereby waives irrevocably any immunity to which it might otherwise be entitled in proceedings brought before such courts and hereby consents generally in respect of any proceedings arising out of or in connection with this Master Guarantee to the giving of any relief or the issue of any process in the competent courts of the Republic of Austria in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use except for certain minor property such as the equipment of embassies) of any judgment which may be given in such proceedings.

In witness whereof the Guarantor has caused this Master Guarantee to be duly executed the day and year first above mentioned.

REPUBLIC OF AUSTRIA

For the Federal Minister of Finance

12 March 2012



(Mag. Gerlinde Wagner)

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London EC2N 2DB

Raiffeisen Bank International AG

Am Stadtpark 9
A-1030 Vienna

DEALERS

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Österreichische Postsparkasse Aktiengesellschaft**

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A-1010 Vienna

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Citigroup Global Markets Limited

Citigroup Centre
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Canary Wharf
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Crédit Agricole Corporate and Investment Bank

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London EC2N 2DB

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A-1010 Vienna

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8 Canada Square
London E14 5HQ

J.P. Morgan Securities Ltd.

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London EC2Y 5AJ

Morgan Stanley & Co.

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Canary Wharf
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1 Finsbury Avenue
London EC2M 2PP

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**FISCAL AGENT, PRINCIPAL PAYING AGENT, CALCULATION AGENT
AND TRANSFER AGENT**

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

PAYING AND TRANSFER AGENTS

Austrian Paying Agent

Oesterreichische Kontrollbank Aktiengesellschaft

Am Hof 4
A-1011 Vienna

Luxembourg Paying and Transfer Agent

Deutsche Bank Luxembourg S.A.

2, Boulevard Konrad Adenauer
L-1115 Luxembourg

Swiss Paying Agent

Credit Suisse AG

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To the Issuer as to Austrian law

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Job Nr.: 2011-0664
Prospekt gebilligt

15. März 2012



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