

FINAL TERMS DATED 17 DECEMBER 2010

BNP Paribas Arbitrage Issuance B.V.
(incorporated in The Netherlands)
(as Issuer)

BNP Paribas
(incorporated in France)
(as Guarantor)

Warrant and Certificate Programme

**Up to 30,000 EUR "Mediolanum MedPlus Certificate Express 15" relating to
EuroStoxx 50[®] Index due 28 January 2014**

ISIN Code: XS0570061530

BNP Paribas Arbitrage S.N.C.
(as Manager)

The Securities are offered to the public in the Republic of Italy from 17 December 2010 to 18 January 2011

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 the Securities. Accordingly any person making or intending to make an offer of the Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those jurisdictions mentioned in Paragraph 39 of Part A below, provided such person is one of the persons mentioned in Paragraph 39 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

Investors should note that if a supplement to or an updated version of the Base Prospectus referred to below is published at any time during the Offer Period (as defined below), such supplement or updated base prospectus, as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the Offer (as defined below) prior to the date of publication of such supplement or updated version of the Base Prospectus, as the case may be, (the "**Publication Date**") have the right within two working days of the Publication Date to withdraw their acceptances.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed as such for the purposes of the Conditions set forth in the Base Prospectus dated 3 June 2010, the First Supplement to the Base Prospectus dated 18 August 2010, the Second Supplement to the Base Prospectus dated 10 September 2010 and the Third Supplement to the Base Prospectus dated 19 November 2010 which together constitute a base prospectus for the purposes of Directive 2003/71/EC (the "Prospectus Directive"). The Base Prospectus dated 3 June 2010, the First Supplement to the Base Prospectus dated 18 August 2010, the Second Supplement to the Base Prospectus dated 10 September 2010 and the Third Supplement to the Base Prospectus dated 19 November 2010 have been passported into Italy in compliance with Article 18 of the Prospectus Directive. This document

constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on BNP Paribas Arbitrage Issuance B.V. (the "Issuer") and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms are available for viewing at BNP Paribas Securities Services, Luxembourg Branch, 33 rue de Gasperich, Howald-Hesperange, L2085 Luxembourg and on the Netherlands Authority for the Financial Markets' (Autoriteit Financiële Markten - AFM) website www.afm.nl, and copies may be obtained free of charge at the specified offices of the Security Agents.

References herein to numbered Conditions are to the terms and conditions of the relevant series of Securities and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms in so far as they relate to such series of Securities, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "**Securities**" shall be deemed to be references to the relevant Securities that are the subject of these Final Terms and references to "**Security**" shall be construed accordingly.

The reference to Issue Price is not an expression of market value and does not imply that transactions in the market will not be executed at prices above or below such Issue Price to reflect prevailing market conditions.

1. Issuer: BNP Paribas Arbitrage Issuance B.V.
2. Guarantor: BNP Paribas

SPECIFIC PROVISIONS FOR EACH SERIES

Series Number	No. of Securities issued	No. of Securities	ISIN Code	Common Code	Issue Price per Security	Redemption Date
CE279MAV	Up to 30,000	Up to 30,000	XS0570061530	057006153	100%	28 January 2014

The Redemption Date shall be subject to adjustment in accordance with the Following Business Day Convention.

GENERAL PROVISIONS

The following terms apply to each series of Securities:

3. Trade Date: 10 December 2010.
4. Issue Date: 28 January 2011.
5. Consolidation: Not applicable.
6. Type of Securities:
 - (a) Certificates.
 - (b) The Securities are Index Securities.
 - (c) The Certificates are "**Mediolanum MedPlus Certificate Express 15**".

The provisions of Annex 1 (*Additional Terms and Conditions for Index Securities*) shall apply.
7. Form of Securities: Clearing System Global Security.
8. Business Day Centre(s): The applicable Business Day Centre for the purposes of the definition of "Business Day" in Condition 1 is TARGET.
9. Settlement: Settlement will be by way of cash payment (**Cash Settled Securities**).

10.	Variation of Settlement:	
	(a) Issuer's option to vary settlement:	The Issuer does not have the option to vary settlement in respect of the Securities.
	(b) Variation of Settlement of Physical Delivery Securities:	Not applicable.
11.	Relevant Asset(s):	Not applicable.
12.	Entitlement:	Not applicable.
13.	Exchange Rate:	Not applicable.
14.	Settlement Currency:	The settlement currency for the payment of the Cash Settlement Amount is Euro ("EUR").
15.	Syndication:	The Securities will be distributed on a non-syndicated basis.
16.	Minimum Trading Size:	1 Security.
17.	Principal Security Agent:	BNP Paribas Securities Services, Luxembourg Branch.
18.	Registrar:	Not applicable.
19.	Calculation Agent:	BNP Paribas Arbitrage SNC, 8 rue de Sofia, 75018 Paris, France.
20.	Governing law:	English law.
21.	Special conditions or other modifications to the Terms and Conditions:	Not applicable.

PRODUCT SPECIFIC PROVISIONS (ALL SECURITIES)

22.	Index Securities:	Applicable.
	(a) Index/ Basket of Indices/Index Sponsor(s):	The Securities relate to the EuroStoxx 50 [®] Index (Reuters Code: STOXX50E / Bloomberg Code: SX5E <Index>), the Index or the Underlying . The relevant Index Sponsor is Stoxx Limited or any successor acceptable to the Calculation Agent. The EuroStoxx50 [®] Index is a Composite Index.
	(b) Index Currency:	EUR
	(c) Exchange(s):	The relevant Exchange(s) is (are), in respect of each component security of each Underlying Index (each a "Component Security"), the principal stock exchange(s) on which such Component Security is principally traded, as determined by the Calculation Agent.
	(d) Related Exchange(s):	All Exchanges.

- (e) Exchange Business Day: Single Index Basis.
- (f) Scheduled Trading Day: Single Index Basis.
- (g) Weighting: Not applicable.
- (h) Settlement Price: The Settlement Price will be calculated on the basis of the official Closing Level as announced by the Index Sponsor.
- (i) Disrupted Day: If the Redemption Valuation Date is a Disrupted Day, the Settlement Price will be calculated on the basis of the provisions contained in Index Security Condition 1.
- (j) Specified Maximum Days of Disruption: Eight (8) Scheduled Trading Days.
- (k) Valuation Time: The Scheduled Closing Time.
- (l) Knock-in Event: Not applicable.
- (m) Knock-out Event: Not applicable.
- (n) Automatic Early Redemption Event: Applicable.

If on the Automatic Early Redemption Valuation Date_n indicated in the table below, the official Closing Level of the Index is greater than or equal to the Automatic Early Redemption Level, the Security will be automatically early redeemed and the Holder will receive on the Automatic Early Redemption Date_n payment of Automatic Early Redemption Amount as set out in the table below:

n	Automatic Early Redemption Valuation Date	Automatic Early Redemption Level	Automatic Early Redemption Amount	Automatic Early Redemption Date
1	21 January 2012	100% * Index _{Initial}	N x [100% + 7.00%]	28 January 2012
2	21 January 2013	100% * Index _{Initial}	N x [100% + 14.00%]	28 January 2013

Where:

N is the Notional Amount of each Certificate (see § 35(a)).

- (i) Automatic Early Redemption Amount: See table above
- (ii) Automatic Early Redemption Date(s): See table above.
- (iii) Automatic Early Redemption Level: See table above.
- (iv) Automatic Early Redemption Rate: Not applicable.
- (v) Automatic Early Redemption Valuation Date(s): See table above.

- (o) Delayed Redemption on the occurrence of an Index Adjustment Event: Not applicable.
- (p) Index Correction Period: As per Conditions.
- (q) Other terms or special conditions: Not applicable.
- (r) Additional provisions applicable to Custom Indices: Not applicable.
23. Share Securities: Not applicable.
24. ETI Securities: Not applicable.
25. Debt Securities: Not applicable.
26. Commodity Securities: Not applicable.
27. Inflation Index Securities: Not applicable.
28. Currency Securities: Not applicable.
29. Fund Securities: Not applicable.
30. Market Access Securities: Not applicable.
31. Futures Securities: Not applicable.
32. Credit Securities: Not applicable.
33. Optional Additional Disruption Events: (a) The following Optional Additional Disruption Events apply to the Securities: Not applicable. Accordingly, the Optional Additional Disruption Event “**Increased Cost of Hedging**” shall not apply to the Securities.
- The Additional Disruption Events “**Change in Law**” and “**Hedging Disruption**” shall not apply to the Securities.
- (b) Delayed Redemption on the Occurrence of an Additional Disruption Event and/or Optional Additional Disruption Event: Not applicable.
- As per Condition 3.2 of Annex 1 Additional Terms and Conditions for Index Securities, in case of Index Modification, Index Disruption and Index Cancellation together defined as an Index Adjustment Event, the Calculation Agent shall determine the relevant adjustment if such Index Adjustment Event has a material effect on the Securities.
34. Provisions relating to Warrants: Not applicable.
35. Provisions relating to Certificates: Applicable.
- (a) Notional Amount of each Certificate: EUR 1,000.

- (b) Partly Paid Certificates: The Certificates are not Partly Paid Certificates.
- (c) Interest: Not applicable.
- (d) Fixed Rate Provisions: Not applicable.
- (e) Floating Rate Provisions: Not applicable.
- (f) Index Linked Interest Certificates: Not applicable.
- (g) Share Linked Interest Certificates: Not applicable.
- (h) ETI Linked Interest Certificates: Not applicable.
- (i) Debt Linked Interest Certificates: Not applicable.
- (j) Commodity Linked Interest Certificates: Not applicable.
- (k) Inflation Index Linked Interest Certificates: Not applicable.
- (l) Currency Linked Interest Certificates: Not applicable.
- (m) Fund Linked Interest Certificates: Not applicable.
- (n) Futures Linked Interest Certificates: Not applicable.

PROVISIONS RELATING TO REDEMPTION AND VALUATION ON REDEMPTION

- (o) Instalment Certificates: The Certificates are not Instalment Certificates.
- (p). Issuer Call Option: Not applicable.
- (q) Holder Put Option: Not applicable.
- (r) Cash Settlement Amount: Unless previously redeemed or purchased and cancelled by the Issuer, the Holder shall receive on the Redemption Date, in respect of each Security payment of a Cash Settlement Amount in accordance with the following provisions:

1) If, on the Redemption Valuation Date, **Index_{Final}** is greater than or equal to **100% x Index_{Initial}**:

$$N \times [100\% + 21\%]$$

2) If, on the Redemption Valuation Date, **Index_{Final}** is less than **100% x Index_{Initial}** but greater than or equal to the **Barrier Level**:

$$N \times 100\%$$

3) Otherwise, if **Index_{Final}** is less than the **Barrier Level**:

$$N \times \left(\frac{\text{Index}_{\text{Final}}}{\text{Index}_{\text{Initial}}} \right)$$

Where:

N is the Notional Amount of each Certificate as specified in § 35 (a);

Index_{Initial} is the official Closing Level of the Index on the Strike Date;

Index_{Final} is the official Closing Level of the Index on the Redemption Valuation Date;

Barrier Level is $50\% \times \text{Index}_{\text{Initial}}$

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| (s) | Renouncement Notice Cut-off Time | Not applicable. |
| (t) | Strike Date: | 28 January 2011, provided that, if the Strike Date is a Disrupted Day, the definition of "Valuation Date" in Condition 27 will apply as if references to "Valuation Date" were to "Strike Date". |
| (u) | Redemption Valuation Date: | 21 January 2014. |
| (v) | Averaging: | Averaging does not apply to the Securities. |
| (w) | Observation Dates: | Not applicable. |
| (x) | Observation Period: | Not applicable. |
| (y) | Settlement Business Day: | Not applicable. |
| (z) | Cut-off Date: | Not applicable. |

DISTRIBUTION AND US SALES ELIGIBILITY (ALL SECURITIES)

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| 36. | Selling Restrictions: | As described in the Base Prospectus. |
| | (a) Eligibility for sale of Securities in the United States to AIs: | The Securities are not eligible for sale in the United States to AIs. |
| | (b) Eligibility for sale of Securities in the United States to QIBs within the meaning of Rule 144A: | The Securities are not eligible for sale in the United States under Rule 144A to QIBs. |
| | (c) Eligibility for sale of Securities in the United States to QIBs within the meaning of Rule 144A who are also QPs within the meaning of the Investment Company Act: | The Securities are not eligible for sale in the United States to persons who are QIBs and QPs. |
| 37. | Additional U.S. Federal income tax consequences: | Not applicable. |
| 38. | Registered broker/dealer: | Not applicable. |
| 39. | Non exempt Offer: | An offer of the Securities may be made by Banca Mediolanum S.p.A (the " Distributor ") other than pursuant to Article 3(2) of the Prospectus Directive in the Republic of Italy (the " Public Offer Jurisdiction ") during the period from 17 December 2010 |

until 18 January 2011 during the hours in which the banks are open for business in the Republic of Italy (the "Offer Period").

In the event that the Offer Period is shortened as described below, a notice of such event shall be published on the Issuer website (http://eqdpo.bnpparibas.com/MedPlus_Express_15) and on the website of the Distributor (www.bancamediolanum.it).

The Offer Period may be discontinued at any time by the Issuer in accordance with the Distributor. In such case, a notice of such event shall immediately be published on the Issuer web-site (http://eqdpo.bnpparibas.com/MedPlus_Express_15) and on the web-site of the Distributor (www.bancamediolanum.it).

Banca Mediolanum S.p.A., with registered office at Palazzo Meucci Milano 3 – Via F. Sforza, 20080 Basiglio (MI), Italy, will act as lead manager ("*responsabile del collocamento*") of the placement of the Certificates (the "*Responsabile del Collocamento*" or "**Lead Manager**") pursuant the article 93-bis of the Legislative Decree of 24 February 1998, n. 58, as subsequently amended (the "**Financial Services Act**").

See further Paragraph 8 of Part B below.

Purposes of Final Terms

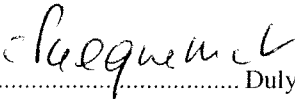
These Final Terms comprise the final terms required for issue and public offering in the Public Offer Jurisdiction of the Securities described herein pursuant to the BNP Paribas, BNP Paribas Arbitrage Issuance B.V. Warrant and Certificate Programme.

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The information included in Part B (the "**Other Information**") consists of extracts from or summaries of information that is publicly available in respect of the Index. 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 the Index Sponsor, no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

As Issuer:

By:  Duly authorised

Catherine PACQUEMENT

PART B – OTHER INFORMATION

1. Listing and Admission to trading:

The Securities are unlisted.

2. Ratings

The Securities to be issued have not been rated.

The rating of the Guarantor is Aa2 from Moody's and AA from Standard and Poor's.

As defined by Moody's an "Aa" rating means that the obligations of the Issuer and the Guarantor under the Programme are of high quality and are subject to very low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates a mid-range ranking. As defined by Standard & Poor's, an "AA" rating means that the relevant Issuer and Guarantor's capacity to meet its financial commitment under the Securities is very strong.

3. Risk Factors

As described in the Base Prospectus.

4. Interests of Natural and Legal Persons Involved in the Offer

Investors shall be aware of the fact that the Distributor appointed for the placement of the Securities under these Final Terms, **Banca Mediolanum S.p.A.**, will receive from the Issuer placement fees implicit in the Issue Price of the Securities equal to a maximum amount of 5.70% of the Issue Amount. All placement fees will be paid out upfront.

On 10 December 2010, the placement fees amounted to 4.10% of the initial Issue Amount (i.e. EUR 5,000,000).

Save as described above and discussed in "*Risk Factors*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer.

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

Reasons for the offer:

The net proceeds from the issue of Securities will become part of the general funds of the Issuer. Such proceeds may be used to maintain positions in options or futures contracts or other hedging instruments.

Estimated net proceeds:

Up to EUR 30,000,000

For the avoidance of doubt, the estimated net proceeds reflect the proceeds to be received by the Issuer on the Issue Date. They are not a reflection of the fees payable to the Distributor.

Estimated total expenses:

The estimated total expense is not available.

6. Performance of Underlying/Formula/Other Variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying

The “**Mediolanum MedPlus Certificate Express 15**” is a EUR denominated Security with a 3 year maturity.

This Security may be early redeemed in accordance with the provisions in § 22 (n).

If not early redeemed, this Security offers to the investor the opportunity to receive a Cash Settlement Amount calculated according to the provisions in § 35 (r).

The investors benefit from a capital protection as long as on the Redemption Valuation Date the official Closing Level of the Index is greater than or equal to the Barrier Level.

Therefore, investors should be aware that they may sustain a partial or total loss of the purchase price of their Securities.

During the secondary market period, the price of the Securities will depend upon market conditions and may be subject to significant fluctuations. If the Securities are sold, before the Redemption Date, there is a higher probability that the investor will suffer a loss of its investment.

Information and historical performances on the relevant Index are available on the website: www.stoxx.com

7. Operational Information

Relevant Clearing System(s): Euroclear and Clearstream Luxembourg.

8. Terms and Conditions of the Public Offer

Offer Price: The Issue Price (of which a maximum amount of 5.70% is represented by commissions payable to the Distributor).

On 10 December 2010, the placement fees amounted to 4.10% of the initial Issue Amount (i.e. EUR 5,000,000).

Conditions to which the offer is subject: The Offer of the Securities is conditional on their issue.

The Issuer reserves the right to withdraw the offer and cancel the issuance of the Securities for any reason at any time on or prior to the Issue Date. For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such a right, each such potential investor shall not be entitled to subscribe or otherwise acquire the Securities. In addition, if certain extraordinary circumstances occur, the Distributor will have the right to request to the Issuer not to launch the offer or, if already started, to withdraw the offer.

In addition, if certain extraordinary circumstances occur, the Distributor will have the right to request to the Issuer not to launch the offer or, if already started, to withdraw the offer.

Description of the application process: From 17 December 2010 to, and including, 18 January 2011,

or such earlier date as the Issuer determines as notified on or around such earlier date by loading the following link (http://eqdpo.bnpparibas.com/MedPlus_Express_15) and/or (www.bancamediolanum.it) (the **Offer End Date**).

Application to subscribe for the Securities can be made in Italy through the Distributor. The distribution activity will be carried out in accordance with the Distributor's usual procedures.

Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer in relation to the subscription for the Securities.

Details of the minimum and/or maximum amount of application:

Minimum subscription amount per investor: 3 Securities, i.e. EUR 3,000.

Maximum subscription amount per investor: 30,000 * Notional Amount.

The maximum amount of application of Securities will be subject only to availability at the time of the application.

There are no pre-identified allotment criteria. The Distributor will adopt allotment criteria that ensures equal treatment of prospective investors. All of the Securities requested through the Distributor during the Offer Period will be assigned up to the maximum amount of the Offer.

In the event that during the Offer Period the requests exceed the total amount of the offer destined to prospective investors the Issuer, in accordance with the Distributor, will proceed to early terminate the Offer Period and will immediately suspend the acceptance of further requests.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

Not applicable.

Details of the method and time limits for paying up and delivering the Securities:

The Securities will be issued on the Issue Date against payment to the Issuer by the Distributor of the gross subscription moneys.

The Securities are cleared through the clearing systems and are due to be delivered through the Distributor on or around the

	Issue Date.
Manner in and date on which results of the offer are to be made public:	Publication by loading the following link (http://eqdpo.bnpparibas.com/MedPlus_Express_15) and/or (www.bancamediolanum.it) in each case on or around the Issue Date.
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not applicable.
Categories of potential investors to which the Securities are offered:	Offers may be made through the Distributor in the Republic of Italy to any person. Qualified investors may be assigned only those Securities remaining after the allocation of all the Securities requested by the public in the Republic of Italy during the Offer Period. Offers (if any) in other EEA countries will only be made by the Distributor pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus. Any investor not located in the Republic of Italy should contact its financial advisor for more information, and may only purchase the Securities from its financial advisor, bank or financial intermediary.
Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:	Each investor will be notified by the Distributor of its allocation of Securities after the end of the Offer Period. No dealings in the Securities may take place prior to the Issue Date.
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	The Issuer is not aware of any expenses and taxes specifically charged to the subscriber. For the Offer Price which includes the commissions payable to the Distributor see above "Offer Price". For details of the tax regime applicable to subscribers in the Republic of Italy, see Schedule I hereto.

9. Placing and Underwriting

Name(s) and address(es), to the extent known to the issuer, of the places in the various countries where the offer takes place:	Not applicable.
Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:	Not applicable.

Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent): Not applicable.

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements: The placement activity will be carried out by:
Banca Mediolanum S.p.A.
Palazzo Meucci Milano 3 – Via F. Sforza
20080 Basiglio (MI)
Italy

(the **Distributor**)

When the underwriting agreement has been or will be reached: No underwriting commitment is undertaken by the Distributor.
Not applicable.

10. Yield

Not applicable.

11. Historic Interest Rates

Not applicable.

SCHEDULE 1

ITALIAN TAXATION

The following is a summary of current Italian law and practice relating to the taxation of the Securities. The statements herein regarding taxation are based on the laws in force in Italy as at the date of these Final Terms and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities.

Italian taxation of Securities

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Securities are subject to a 12.5% substitute tax (imposta sostitutiva). The recipient may opt for three different taxation criteria:

(1) Under the tax declaration regime (regime della dichiarazione), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected, the imposta sostitutiva on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding the Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(2) As an alternative to the tax declaration regime, Italian resident individuals holding the Securities not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Securities (the "risparmio amministrato" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "Decreto No. 461"). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the risparmio amministrato regime being punctually made in writing by the relevant Securityholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the risparmio amministrato regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the risparmio amministrato regime, the Securityholder is not required to declare the capital gains in the annual tax return.

(3) Any capital gains realised or accrued by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have validly opted for the so-called "risparmio gestito" regime (regime provided for by Article 7 of the Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this risparmio gestito regime, any depreciation of the managed assets accrued at year end may be

carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Securityholder, also as a part of the net value of production for IRAP purposes).

Capital gains realised by non-Italian resident Securityholders are not subject to Italian taxation provided that the Securities (i) are transferred on regular markets, or (ii) if not transferred on regular markets, are held outside of Italy.

Atypical securities

In accordance with a different interpretation of current tax law, it is possible that Securities would be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Securities may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Securities and to an Italian resident holder of the Securities which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer Tax

Article 37 of Law Decree No 248 of 31 December 2007 ("Decree No. 248"), converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December, 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Payments made by a non-resident Guarantor

With respect to payments made to Italian resident Securityholders by a non-Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

EU Savings Directive

Under EC Council Directive 2003/48/EC (**EU Savings Directive**) on the taxation of savings income, Member States, including Belgium from 1 January 2010, are 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 resident in that other Member State or to certain limited types of entities established in that other Member State.. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to impose 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). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("Decree No. 84"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

(This schedule 2 forms part of the Final Terms to which it is attached)

SCHEDULE 2

Unbundling of the Issue Price (in percentage) as of 10 December 2010

Issue Price	100%
Placement fees	4.10%
Value of the derivative component	95.9%

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