

**THIRD SUPPLEMENT DATED 1 OCTOBER 2008  
TO THE WARRANT AND CERTIFICATE PROGRAMME BASE PROSPECTUS  
DATED 30 MAY 2008**



**BNP PARIBAS**

**BNP Paribas Arbitrage Issuance B.V.**

*(incorporated in The Netherlands)*

*(as Issuer)*

**BNP Paribas**

*(incorporated in France)*

*(as Issuer and Guarantor)*

**WARRANT AND CERTIFICATE PROGRAMME**

This Supplement (the Third Supplement) is supplemental to, and should be read in conjunction with the Warrant and Certificate Programme base prospectus dated 30 May 2008, (the Base Prospectus), the first supplement dated 14 August 2008 (the First Supplement) and the second supplement dated 8 September 2008 (the Second Supplement) in relation to the programme for the issuance of Warrants and Certificates by BNP Paribas Arbitrage Issuance B.V. (BNPP B.V.) and BNP Paribas (BNPP) (the Programme). Terms defined in the Base Prospectus, as supplemented, have the same meaning when used in this Third Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have 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.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus dated 30 May 2008.

Investors who have agreed to purchase or subscribe for the Securities before this Supplement is published have the right, exercisable within a time period of a minimum of two working days after the publication of this Supplement, to withdraw their acceptances.

This Supplement, prepared in connection with the Warrants and the Certificates to be issued under the Base Prospectus, has not been submitted to the clearance procedures of the Autorité des marchés financiers in France.

This Supplement constitutes a Supplement within the meaning of Article 16 of Directive 2003/71/EC and has been produced for the following purposes:

- (i) incorporating the BNP Paribas Arbitrage Issuance B.V. Interim Financial Report for the 6 months period ended 30 June 2008 and the Auditors' Report Interim Financial Report for the 6 months period ended 30 June 2008; and
- (ii) incorporating certain recent developments in respect of BNP Paribas

Copies of this Third Supplement and of the First and Second Supplement and the Base Prospectus and of the documents incorporated by reference are available at the office of the Certificate Agents.

**(i) BNP Paribas Arbitrage Issuance B.V.**

**Interim Financial Report**

for the 6 months period ended June 30, 2008

**BALANCE SHEET AT JUNE 30, 2008**  
(before appropriation of the net result)

	Notes	<u>30.06.2008</u> EUR	<u>30.06.2007</u> EUR
<b>ASSETS</b>			
<b>Financial fixed assets</b>			
OTC contracts	*)	25,105,510,726 *)	21,507,992,543
<b>Current assets</b>			
OTC contracts	*)	14,340,855,325 *)	13,725,795,547
Accounts receivables	2	2,740,671	1,671,914
Cash at bank	3	456,280	334,365
		<u>14,344,052,276</u>	<u>13,727,801,826</u>
<b>TOTAL ASSETS</b>		<b><u>39,449,563,002</u></b>	<b><u>35,235,794,369</u></b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital issued and paid up	4	45,379	45,379
Retained earnings		175,963	124,115
Result for the year		30,589	27,098
		<u>251,931</u>	<u>196,592</u>
<b>Long term liabilities</b>			
Issued securities	*)	25,105,510,726 *)	21,507,992,543
<b>Current liabilities</b>			
Issued securities	*)	14,340,855,325 *)	13,725,795,547
Other liabilities	6	2,945,020	1,809,687
		<u>14,343,800,345</u>	<u>13,727,605,234</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>39,449,563,002</u></b>	<b><u>35,235,794,369</u></b>

\*) See the paragraph "Change on accounting policies" on page 6. The comparative figures of 2007 have been restated according to the presentation of 2008.

**PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD  
ENDED  
JUNE 30, 2008**

	Notes	<b>Period 1 January up to and including 30 June 2008</b>	<b>Period 1 January up to and including 30 June 2007</b>
		EUR	EUR
Net result financial instruments	7	0	0
Other income	8	357,647	322,000
<b>Operating income</b>		<u>357,647</u>	<u>322,000</u>
<b>Operating expenses</b>			
General and administrative expenses	9	(325,134)	(292,752)
Reimbursed issuing expenses	10	3,371,760	3,046,381
Issuing expenses	10	(3,371,760)	(3,046,381)
		<u>32,513</u>	<u>29,248</u>
<b>Operating result</b>			
		7,215	5,380
<i>Interest income</i>			
		(1,491)	(350)
<i>Interest expenses and similar charges</i>			
		0	0
<i>Exchange gains/ (losses)</i>			
<b>Profit before taxation</b>		<u>38,237</u>	<u>34,278</u>
<b>Corporate income tax</b>	11	(7,648)	(7,180)
<b>Profit after taxation</b>		<u><u>30,589</u></u>	<u><u>27,098</u></u>

## CASH FLOW REPORT FOR THE PERIOD ENDED JUNE 30, 2008

	Period 1 January up to and including 30 June 2008	Period 1 January up to and including 30 June 2007
	EUR	EUR
<b>Cash flow from operating activities</b>		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	2,833,697	2,408,239
Received reimbursed general expenses	216,782	253,471
Received interest & paid similar expenses	4,288	2,774
	(2,925,106)	(2,656,603)
<i><b>Paid issuing expenses</b></i>		
Paid general expenses	(3,748)	(227,823)
Paid corporate income tax	(11,873)	(9,542)
<b>Cash flow from operating activities</b>	114,040	(229,484)
<b>Cash flow from investment activities</b>	0	0
<b>Cash flow from other activities</b>	(50,000)	0
<b>Net cash flow</b>	64,040	(229,484)
<i><b>Exchange and translation differences on cash at bank and cash equivalents</b></i>	0	0
<b>Increase/(decrease) cash at bank and cash equivalents</b>	64,040	(229,484)
<i>Movements in cash at bank and cash equivalents</i>		
<i><b>Cash at bank and cash equivalents at January 1</b></i>	392,240	563,849
<i><b>In/(decrease) cash at bank and cash equivalents</b></i>	64,040	(229,484)
<i><b>Cash at bank and cash equivalents as at June 30</b></i>	456,280	334,365

*Netting agreements between the Company and entities of the BNP Paribas Group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. This procedure is reflected in the cash flow report under the heading "Issuing of securities against OTC coverage".*

## **NOTES TO THE INTERIM FINANCIAL REPORT AT JUNE 30, 2008**

### **GENERAL**

BNP Paribas Arbitrage Issuance B.V. (the Company), having its registered address at Herengracht 440, Amsterdam, was incorporated under the law of The Netherlands on November 10, 1989 as a private limited liability company.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, Euro Medium Term Notes (EMTN), to issue and acquire financial instruments of any nature and to enter into related agreements.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Change in accounting policies**

The Company has made changes in the accounting policies regarding the issued securities and acquired OTC contracts to be compliant with RJ290. Issued warrants, certificates, private placements and the related OTC contracts having the same characteristics are stated at market value instead of nominal value. Issued Euro Medium Term Notes and the related OTC contracts having the same characteristics remain valued at nominal value. The comparative figures have been restated accordingly. The change in accounting principles does not have an impact on the equity as at June 30, 2008 or at December 31, 2007 or the result for the year 2007 or the period ending 30 June 2008.

#### **Basis of presentation**

The interim financial report is prepared in accordance with accounting principles generally accepted in the Netherlands and in conformity with Title 9, Book 2 of the Netherlands Civil Code. All amounts are stated in euros, the reporting currency, unless stated otherwise.

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding year.

#### **Accounting convention**

The accounts are prepared under the historical cost convention modified by the translation of foreign currencies.

## **Financial instruments**

Financial instruments include accounts receivable and accounts payable, cash at bank and cash equivalents, issued securities and acquired OTC contracts. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

## **Valuation of assets and liabilities**

Issued warrants, certificates, private placements and the related OTC contracts having the same characteristics are stated at market value. Issued Euro Medium Term Notes and the related OTC contracts having the same characteristics are valued at nominal value.

Other assets and liabilities are stated at nominal value.

## **Recognition of income and expenses**

Income and expenses are allocated to the period to which they relate. Profits are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

If securities are exercised against the Company, the Company fulfils its obligation by exercising the related OTC contracts with entities of the BNP Paribas group as the case may be. Issued securities and related OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related OTC contracts are released without any further future obligation for the Company.

## **Foreign currencies**

Balance sheet items relating to assets and liabilities denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date in principle as given by the European Central Bank, except insofar as the exchange risk has been hedged. In those cases valuation occurs at the forward rates agreed upon. The resulting exchange rate differences are credited or charged to the profit and loss account. Transactions in foreign currencies during the reporting period have been incorporated at the rate of settlement.

## **Corporate income tax**

Tax on result is calculated by applying the rates for the financial year to the result in the profit and loss account.

## **Cash flow report**

*The cash flow report is presented using the direct method.*

*Cash flow netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from issued securities and related OTC contracts to facilitate administrative procedures and to avoid that payments have to be made for these flows.*

*The consequence of these netting agreements and resulting absence of cash flows from investment and financing activities is reflected in the cash flow report of the Company.*



## FINANCIAL RISK MANAGEMENT

Due to its activities the Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, currency exchange rates and interest rates. However, all issued securities are hedged by OTC option and swap agreements and therefore these risks are completely mitigated.

### **Market risk**

The Company takes on exposure to market risks arising from positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. However, the risks are mitigated by the OTC derivative financial instruments.

### **Credit risk**

The Company has a significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is a high credit quality financial institution under supervision of the French central bank, management considers these risks as acceptable.

### **Liquidity risk**

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

## RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of financial instruments, the hedging of the related exposures and the reimbursement of costs. These agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

## NOTES TO THE BALANCE SHEET AT JUNE 30, 2008

### 1. OTC contracts

*For all issued securities OTC contracts are agreed with BNP Paribas group companies having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise are identical.*

Refer to note 5 for the details of the issued securities and hence the OTC contracts.

### 2. Accounts receivable

The accounts receivables can be detailed as follows:

	<u>30.06.2008</u>	<u>30.06.2007</u>
	EUR	EUR
Debtors	1,580,685	1,176,371
To be invoiced	1,096,337	490,488
Interest receivable banks	3,384	2,693
Other receivables	56,040	0
Corporate income tax:	4,225	2,362
- Provision for the period	(7,648)	(7,180)
- Paid on provisional assessment	11,873	9,542
	<u>2,740,671</u>	<u>1,671,914</u>

Accounts receivables from Debtors do not exceed a remaining term of one year and concern only BNP Paribas group companies.

### 3. Cash at bank

This amount corresponds with the bank current account with BNP Paribas S.A., Amsterdam, which is freely at the disposal of the Company.

### 4. Shareholder's equity

Share capital:

The Company's authorised share capital amounts to EUR 225,000 (225,000 common shares of EUR 1 each), of which 45,379 shares are issued and fully paid-up.

During the financial year under review, there have been no changes in the authorised, issued or paid in capital.

Retained earnings:

The movement in the retained earnings relates to the added result of the year 2007.

## 5. Issued securities

The Company establishes securities programmes and issues warrants and certificates exercisable pursuant to the terms and conditions of such securities programmes. Entities of the BNP Paribas group have agreed to purchase the securities at the same time. The entities of the BNP Paribas group distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the third parties.

Specifications of the outstanding issued securities and related OTC contracts at balance sheet date:

	Expiration > 5 years	Expiration 1-5 years	Expiration <1 year	Total
<b>Listed</b>				
<b>Warrants</b> (market value)	EUR	EUR	EUR	EUR
Euronext, Paris	0	1,304,089,016	127,316,199	1,431,405,215
Luxembourg	181,592,833	2,509,471,913	126,358,875	2,817,423,621
Hong Kong	0	97,248,318	911,125,481	1,008,373,799
Singapore	0	57,936,212	377,420,032	435,356,244
Madrid	0	0	130,403,813	130,403,813
<b>Certificates</b> (market value)				
Euronext, Paris	28,413,047	249,963,278	833,203,444	1,111,579,769
Luxembourg	910,373,100	4,868,891,419	1,301,458,030	7,080,722,549
Frankfurt	20,286,205	140,286,565	49,305,259	209,878,029
Austria	0	171,090,592	61,238,813	232,329,405
Hong Kong	0	0	72,757,659	72,757,659
Bern	0	30,213,340	180,212,271	210,425,611
Ireland	0	14,767,368	0	14,767,368
	42,498,534	997,270,549	310,323,900	1,350,092,983
<b>Italy</b>				
	1,500,101	4,131,514	157,705,609	163,337,224
<b>Tokyo</b>				
<b>Private placements</b>				
<b>Certificates</b> (market value)	2,312,126,196	11,907,034,649	8,310,370,729	22,529,531,574
<b>Euro Medium Term Notes</b> (nominal value):	236,984,897	196,113,897	214,882,394	647,981,188
<b>Total value</b>	3,733,774,913	21,371,735,813	14,340,855,325	39,446,366,051

Represented in the balance sheet as follows:

	EUR
- under financial fixed assets and long term liabilities	25,105,510,726
- under current assets and current liabilities	14,340,855,325
	<u>39,446,366,051</u>

	Market value	Nominal value	Underlying contract volume
	EUR	EUR	EUR
<b>Warrants, listed</b>			
- Up to 1 year	2,849,397,217	7,338,445,908	97,349,650,103
- From 1- 5 years	2,791,972,642	3,252,071,700	6,346,655,796
- Exceeding 5 years	181,592,833	207,722,207	207,748,518
<b>Certificates, listed</b>			
- Up to 1 year	2,966,204,985	3,271,346,073	16,235,541,659
- From 1- 5 years	6,476,614,625	7,326,881,789	13,236,180,256
- Exceeding 5 years	1,003,070,987	1,480,670,719	2,728,889,717
<b>Certificates, private placements</b>			
- Up to 1 year	8,310,370,729	9,456,115,747	9,624,622,225
- From 1- 5 years	11,907,034,649	13,497,966,035	13,851,060,127
- Exceeding 5 years	2,312,126,196	2,734,450,302	4,011,614,271
<b>Euro Medium Term Notes</b>			
- Up to 1 year	162,667,394	214,882,394	214,975,817
- From 1- 5 years	227,520,652	196,113,897	199,104,305
- Exceeding 5 years	232,204,584	236,984,897	238,869,760
<b>Total as per June 30, 2008</b>	<u>39,420,777,493</u>	<u>49,213,651,668</u>	<u>164,244,912,554</u>
Total as per June 30, 2007	35,245,112,430	31,969,066,433	193,459,451,048

The market value of the financial instruments is derived from internal models and/or observable market data.

The premiums of the issued securities and the cost of the related OTC contracts are denominated in different currencies. Moreover, the underlying contracts of the securities have their own currency denominations, which are often based on a basket of currencies. The net effect of the currency risk is nil though, as this risk is completely hedged. The currency risk is not specified, as this information is not readily available and can only be obtained at unreasonable high cost.

No accrued interest is presented in the balance sheet for the following reasons. The accrued interest is part of the market value of the financial instruments as disclosed in the balance sheet. The net result on the financial instruments equals zero and is recorded on a net basis in the profit and loss account, see note 7. Furthermore accrued interest income and expenses of many warrants, certificates and related OTC contracts is not available as they are dependent and conditional to developments of underlying equities or other financial instruments. The net affect on the equity and result of the non-recorded accrued interest income and expenses is nil, as the interest risk is completely hedged.

## 6. Other liabilities

The other liabilities can be detailed as follows:

	<u>30.06.2008</u>	<u>30.06.2007</u>
	EUR	EUR
Corporate income tax payable previous years	1,536	3,036
Current account BNP Paribas S.A.	33,328	19,606
Issuing expenses payable	2,711,341	1,441,747
Audit fee	0	17,570
Tax advisory fee	9,000	7,000
Bookkeeping fee	109,716	190,922
Management fee	80,099	129,806
	<u>2,945,020</u>	<u>1,809,687</u>

The current account BNP Paribas S.A. bears no interest as in the previous year.

The issuing expenses payable concern costs of third parties specified by entities of the BNP Paribas group as issuing expenses, not yet paid by the Company.

## NOTES TO THE PROFIT & LOSS ACCOUNT ENDED JUNE 30, 2008

### 7. Net result financial instruments

The net result financial instruments includes capital gains and losses, currency results and interest income and expense on the issued securities and related OTC contracts.

As the Company enters into an OTC option or swap agreement with a BNP Paribas group company at each issue of securities at exactly the same terms and conditions of the issued security, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the financial instruments equals zero and is recorded on a net basis.

### 8. Other income

Other income concerns operating costs of the Company increased with an upcount of 10%, based on a cost plus agreement concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas group companies.

## 9. General and administrative expenses

The general and administrative expenses can be detailed as follows:

	Period 1 January up to and including 30 June 2008	Period 1 January up to and including 30 June 2007
	EUR	EUR
Management fee	125,274	115,806
Bookkeeping fee	182,556	152,922
Audit fee	1,800	14,090
Tax advisory fee	9,307	1,000
Other advisory and service fees	4,641	7,140
Notary and legal advisory fees	344	840
Chamber of Commerce	204	123
Other	1,008	831
	<u>325,134</u>	<u>292,752</u>

## 10. Issuing expenses

Issuing expenses are all expenses related to the issuing of the securities for account of the Company and are reimbursed or to be reimbursed by BNP Paribas group companies.

## 11. Corporate income tax

The corporate income tax is the estimate charge for the period. The rates for the financial year are 20 to 25.5%. The effective rate for the period is 20%.

## 12. Employees

The Company employs no personnel.

Amsterdam, 16 September 2008

Already signed by BNP Paribas Trust B.V., Managing Director.

## OTHER INFORMATION

### STATUTORY ARRANGEMENTS CONCERNING THE APPROPRIATION OF PROFITS

In accordance with article 20 of the articles of association of the Company profits are at the disposal of the general meeting of shareholders.

No dividends can be declared if the shareholder's equity is less than the total of the paid in capital and the legal reserves.

### AUDITORS' REPORT

The auditors' report is recorded on the next page.

To the Shareholders and the Board of Directors of  
BNP Paribas Arbitrage Issuance B.V.  
Amsterdam

Date	From	Reference
September 16, 2008	R. Koppen	3100235483/OP9992/pr

## **Auditor's report**

We have audited the accompanying interim financial report 2008 of BNP Paribas Arbitrage Issuance B.V., Amsterdam, which comprise the balance sheet as at 30 June 2008, the profit and loss account for the half year then ended, the cash flow statement for the half year then ended, the notes thereto and Other Information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the interim financial report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the interim financial report based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the interim financial report is free from material misstatement.

# Deloitte

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September 16, 2008

3100235483/OP9992/pr

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the interim financial report gives a true and fair view of the financial position of BNP Paribas Arbitrage Issuance B.V. as at 30 June 2008, and of its result for the half year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Deloitte Accountants B.V.

Already signed: R. Koppen



## **(ii) recent developments in respect of BNP Paribas**

### ***PRESS RELEASE***

Paris, 16 September 2008

#### **BNP Paribas' exposure to Lehman Brothers**

BNP Paribas' global exposure to the Lehman Brothers group amounts to around €400mn:

- Net derivative claims : around €200mn
- Bank loan : \$250mn, ie €180mn
- Letters of credit : around €25mn
- Securities issued by the Lehman Brothers group: negligible

The net derivative claims above take into account netting and collateral agreements when appropriate. Close-out netting process is very well advanced. Final figures may differ to some extent.